

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2006B Bonds (as defined herein) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2006B Bonds. This opinion is based on certain certifications, covenants and representations of the Authority (as defined herein) and the Borrower (as defined herein) and is conditioned on continuing compliance therewith. In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, interest on the Series 2006B Bonds is exempt from income taxation in the State of Indiana for all purposes except the Indiana financial institutions tax. See "TAX MATTERS" and APPENDIX C herein.

**\$20,000,000
Indiana Health and Educational Facility Financing Authority
Adjustable Rate Hospital Revenue Bonds, Series 2006B
(Jackson County Schneck Memorial Hospital Project)**

Dated: Date of Delivery

Price: 100%

Due: February 15, 2036

The Series 2006B Bonds will be issued only as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Series 2006B Bonds will be made in book-entry only form, in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof. Purchasers of beneficial interests in Series 2006B Bonds (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Series 2006B Bonds. Interest, together with the principal of and redemption premium, if any, on the Series 2006B Bonds, will be paid directly to DTC by The Bank of New York Trust Company, N.A., as trustee (the "Bond Trustee"), so long as DTC or its nominee is the registered owner of the Series 2006B Bonds. The final disbursement of such payments to the Beneficial Owners of Series 2006B Bonds will be the responsibility of the DTC Participants and the Indirect Participants, all as defined and more fully described herein. See "BOOK-ENTRY ONLY SYSTEM" and "SERIES 2006B BONDS."

The Indiana Health and Educational Facility Financing Authority (the "Authority") will issue its Adjustable Rate Hospital Revenue Bonds, Series 2006B (Jackson County Schneck Memorial Hospital Project) (the "Series 2006B Bonds"), under an Indenture of Trust and Pledge between the Authority and the Bond Trustee, dated as of May 1, 2006 (the "Bond Indenture"). The Series 2006B Bonds will be special and limited obligations of the Authority payable solely from and secured exclusively by the revenues and funds pledged thereto under the Bond Indenture, including amounts payable by The Board of Trustees of Jackson County Schneck Memorial Hospital (the "Borrower") under a Loan Agreement between the Authority and the Borrower, dated as of May 1, 2006 (the "Loan Agreement"), and a Series 2006B Note (the "Series 2006B Note") issued by the Borrower to the Authority under a Master Trust Indenture between the Borrower and The Bank of New York Trust Company, N.A. (successor to Jackson County Bank), as trustee (the "Master Trustee"), dated as of November 1, 1991 (the "Original Master Indenture"), as previously supplemented and amended and as further supplemented by Supplemental Master Indentures No. 4, No. 5 and No. 6, dated as of May 1, 2006 (such Original Master Indenture, as so supplemented and amended, the "Master Indenture"). See "SECURITY AND SOURCE OF PAYMENT."

Subject to the conditions set forth in the Bond Indenture, the Series 2006B Bonds may operate at any time in one of four Interest Modes: the Daily Mode, Weekly Mode, Flexible Mode and Fixed Mode. The Series 2006B Bonds will initially operate in the Daily Mode. Information regarding subsequent Interest Modes, interest rates and Rate Periods will be made available as described herein. See "SERIES 2006B BONDS."

From the date of original issuance until the expiration date described below, the Series 2006B Bonds (other than when the Series 2006B Bonds bear interest at a Fixed Rate) will be secured by a transferable irrevocable direct-pay letter of credit issued in favor of the Bond Trustee issued by

FIFTH THIRD BANK

an Ohio banking corporation (the "Initial Bank"), in an amount equal to the outstanding principal of and 45 days' accrued interest on the Series 2006B Bonds (the "Initial Credit Facility"). The Bond Trustee is required by the Bond Indenture to draw upon the Initial Credit Facility in an amount sufficient to pay (i) the principal of and interest on the Series 2006B Bonds when due upon maturity, redemption, acceleration or otherwise and (ii) the Purchase Price (as defined herein) of the Series 2006B Bonds upon purchase thereof to the extent such Series 2006B Bonds are not paid from remarketing proceeds. The Initial Credit Facility does not cover any premium. The Initial Credit Facility will expire on June 1, 2011 (subject to earlier termination), but may be extended or replaced as set forth therein. Series 2006B Bonds which bear interest at a Fixed Rate will not be entitled to the benefits of the Initial Credit Facility. See "INITIAL CREDIT FACILITY."

The Series 2006B Bonds are subject to optional redemption and extraordinary optional redemption prior to maturity, as described herein. The Series 2006B Bonds are subject to optional and mandatory tender for purchase, as described herein. See "SERIES 2006B BONDS—Redemption" and "—Purchase of Series 2006B Bonds."

The Series 2006B Bonds do not represent or constitute a debt of the Authority, the State of Indiana (the "State") or any political subdivision thereof within the meaning of the provisions of the Constitution or statutes of the State or a pledge of the faith and credit of the Authority, the State or any political subdivision thereof, nor are holders of the Series 2006B Bonds granted the right to have the Authority, the State or any political subdivision thereof levy any taxes or appropriate any funds for the payment of the principal thereof or the interest or any premium thereon. The Authority has no taxing power. See "SECURITY AND SOURCE OF PAYMENT."

There are risks involved in the purchase of the Series 2006B Bonds. See "BONDHOLDERS' RISKS."

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2006B Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without any notice, and to the approval of legality of the Series 2006B Bonds by Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed upon for the Authority by the Attorney General of the State of Indiana, Indianapolis, Indiana, for the Borrower by Montgomery, Elsner & Pardieck, LLP, Seymour, Indiana, for the Initial Bank by Kroger, Gardis & Regas, LLP, Indianapolis, Indiana and for the Underwriters by Krieg DeVault LLP, Indianapolis, Indiana. It is expected that the Series 2006B Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York, on or about June 1, 2006.

Piper Jaffray & Co.



The date of this Official Statement is May 24, 2006.

REGARDING THE USE OF THIS OFFICIAL STATEMENT

IN CONNECTION WITH THE OFFERING OF THE SERIES 2006B BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2006B BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE AUTHORITY, THE BORROWER OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAW AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF THE SERIES 2006B BONDS, BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BORROWER OR THE INITIAL BANK SINCE THE DATE HEREOF.

NEITHER THE AUTHORITY, ITS COUNSEL NOR ANY OF ITS MEMBERS, AGENTS, EMPLOYEES OR REPRESENTATIVES HAS REVIEWED THIS OFFICIAL STATEMENT OR INVESTIGATED THE STATEMENTS OR REPRESENTATIONS CONTAINED HEREIN, EXCEPT FOR THOSE STATEMENTS RELATING TO THE AUTHORITY SET FORTH UNDER THE CAPTIONS “AUTHORITY” AND “LITIGATION—Authority.” EXCEPT WITH RESPECT TO THE INFORMATION CONTAINED UNDER SUCH CAPTIONS, NEITHER THE AUTHORITY, ITS COUNSEL NOR ANY OF ITS MEMBERS, AGENTS, EMPLOYEES OR REPRESENTATIVES MAKES ANY REPRESENTATION AS TO THE COMPLETENESS, SUFFICIENCY OR TRUTHFULNESS OF THE STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. MEMBERS OF THE AUTHORITY AND ANY OTHER PERSON EXECUTING THE SERIES 2006B BONDS ARE NOT SUBJECT TO PERSONAL LIABILITY BY REASON OF THE ISSUANCE OF THE SERIES 2006B BONDS.

THE SERIES 2006B BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE BOND INDENTURE AND MASTER INDENTURE HAVE NOT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BORROWER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

\$20,000,000

**Indiana Health and Educational Facility Financing Authority
Adjustable Rate Hospital Revenue Bonds, Series 2006B
(Jackson County Schneck Memorial Hospital Project)**

INTRODUCTION

The description and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each document. See APPENDIX D for definitions of certain words and terms used herein.

Purpose of Official Statement

The purpose of this Official Statement, including the cover page and the Appendices hereto, is to set forth information in connection with the offering of \$20,000,000 aggregate principal amount of Indiana Health and Educational Facility Financing Authority Adjustable Rate Hospital Revenue Bonds, Series 2006B (Jackson County Schneck Memorial Hospital Project) (the “Series 2006B Bonds”), to be issued by the Indiana Health and Educational Facility Financing Authority (the “Authority”). Certain terms used herein are defined in APPENDIX D hereto.

Authority

The Authority was established on May 15, 2005, as the successor to the Indiana Health Facility Financing Authority (the “IHFFA”), which was created in 1983 pursuant to the provisions of Indiana Code 5-1-16, as amended (the “Act”), and is organized and existing under and by virtue of the provisions of the Act, as a public body politic and corporate, not an agency of the State of Indiana (the “State”), but an independent public instrumentality exercising essential public functions. Under the Act, the Authority is authorized to make loans to “participating providers” (as defined in the Act) in order to provide funds to finance, refinance and provide reimbursement for all or a portion of any and all costs authorized under the Act and related to the acquisition, lease, construction, repair, restoration, reconditioning, refinancing, installation or housing of “health facility property” (as defined in the Act). See “AUTHORITY.”

The Series 2006B Bonds will be issued by the Authority pursuant to the laws of the State of Indiana (the “State”), including particularly the Act, and an Indenture of Trust and Pledge by and between the Authority and The Bank of New York Trust Company, N.A., as trustee (the “Bond Trustee”), dated as of May 1, 2006 (the “Bond Indenture”).

Borrower

The Board of Trustees of Jackson County Schneck Memorial Hospital (the “Borrower”) is a body corporate and politic organized and existing under the laws of the State, including Indiana Code 16-22, as amended. The Borrower operates Jackson County Schneck Memorial Hospital, d/b/a /Schneck Medical Center, an acute care hospital located in Seymour, Indiana (the “Hospital”), which is the County Hospital in Jackson County, Indiana (the “County”).

For further information concerning the Borrower and the Hospital, see “APPENDIX A—Jackson County Schneck Memorial Hospital.”

Project

The Authority will loan the proceeds from the sale of the Series 2006B Bonds to the Borrower under a Loan Agreement between the Authority and the Borrower, dated as of May 1, 2006 (the “Loan Agreement”). The Borrower

will use such proceeds, together with the proceeds of the Series 2006A Bonds (as defined herein) and other moneys of the Borrower, for the purpose of (a) financing, reimbursing or refinancing all or a portion of the cost of the acquisition, construction or installation of an approximately 84,000 square foot addition to the existing hospital facility, including (i) demolition of a portion of the existing facility, and (ii) construction of a south wing to house expanded emergency department and diagnostic imaging facilities (including the purchase of a new CT Scanner) and a new patient entrance; (b) expansion and reconfiguration of parking facilities; (c) renovation of approximately 90,600 square feet of existing space, including renovation of in-patient areas to allow for private rooms; and (d) paying costs of issuing the Series 2006B Bonds (collectively, “the Project”). See “APPENDIX A—Jackson County Schneck Memorial Hospital,” “PLAN OF FINANCING” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Series 2006B Bonds

The Series 2006B Bonds will be issued as fully registered bonds in the denomination of \$100,000 and any integral multiple of \$5,000 in excess thereof (while the Series 2006B Bonds bear interest in the Daily Mode, Weekly Mode or Flexible Mode). The Series 2006B Bonds will mature on February 15, 2036 and, while in the Daily Mode, will bear interest from their date of delivery, payable on the first Business Day of each calendar month, commencing on the first Business Day of July 2006. See “SERIES 2006B BONDS—General.”

The Series 2006B Bonds are subject to (a) optional tender for purchase while in a Daily Mode or Weekly Mode at the option of the owner thereof on any Business Day upon advance written notice to the Tender Agent, and (b) mandatory tender for purchase on a Rate Adjustment Date during a Flexible Mode, on the first Business Day of each new Interest Mode, and on the fifth Business Day prior to the expiration or release of the Credit Facility or Liquidity Facility, each as more fully described herein. See “SERIES 2006B BONDS—Purchase of Series 2006B Bonds.”

The Series 2006B Bonds are subject to (a) optional redemption on (i) any Business Day while they bear interest at a Daily Rate or a Weekly Rate, (ii) on the first day of any Rate Period during a Flexible Mode, (iii) on the first day of the Fixed Mode and (b) extraordinary optional redemption upon the occurrence of certain events of damage, destruction or condemnation, each as more fully described herein. See “SERIES 2006B BONDS—Redemption.”

The Series 2006B Bonds may be transferred or exchanged only upon the bond register maintained by the Bond Trustee. The “SERIES 2006B BONDS—General.” The Series 2006B Bonds will be registered in the name of Cede & Co., as nominee for the Depository Trust Company (“DTC”), New York, New York. See “BOOK-ENTRY ONLY SYSTEM.”

Security

THE SERIES 2006B BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE AUTHORITY AND WILL BE PAYABLE SOLELY FROM AND SECURED EXCLUSIVELY BY PAYMENTS, REVENUES AND OTHER AMOUNTS PLEDGED THERETO PURSUANT TO THE BOND INDENTURE. THE SERIES 2006B BONDS DO NOT REPRESENT OR CONSTITUTE A DEBT OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY WITHIN THE MEANING OF THE PROVISIONS OF THE CONSTITUTION OR STATUTES OF THE STATE OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY, AND THE SERIES 2006B BONDS DO NOT GRANT TO THE OWNERS OR HOLDERS THEREOF ANY RIGHT TO HAVE THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY, LEVY ANY TAXES OR APROPRIATE FUNDS FOR THE PAYMENT OF THE PRINCIPAL THEREOF OR PREMIUM, IF ANY, OR INTEREST THEREON. THE AUTHORITY HAS NO TAXING POWER. SEE “SECURITY AND SOURCE OF PAYMENT.”

The Borrower has entered into a Master Trust Indenture with The Bank of New York Trust Company, N.A. (successor to Jackson County Bank), as trustee (the “Master Trustee”), dated as of November 1, 1991 (the “Original Master Indenture”), as previously supplemented and amended and as supplemented and amended by Supplemental Master Indenture No. 4, dated as of May 1, 2006 (the “Series 2006B Supplemental Indenture”), Supplemental Master Indenture No. 5, dated as of May 1, 2006 (the “Series 2006C Supplemental Indenture”), and Supplemental Master

Indenture No. 6, dated as of May 1, 2006 (“Supplemental Indenture No. 6”) (such Original Master Indenture, as so supplemented and amended, the “Master Indenture”), under which the Borrower and any other entities electing to become issuers (each an “Obligated Issuer”) under the Master Indenture (collectively, the “Obligated Group”) may issue obligations in order to finance activities of the Borrower and such other Obligated Issuers, respectively. While the Borrower and any future members of the Obligated Group will be jointly and severally liable for the repayment of all obligations issued under the Master Indenture, each Obligated Issuer will be the principal obligor on obligations issued on its behalf under the Master Indenture. Any entity, however, for which obligations are issued under the Master Indenture (e.g., the Borrower or any other entity which has become an Obligated Issuer) will be liable for the payment of all obligations issued under the Master Indenture. See “SECURITY AND SOURCE OF PAYMENT—The Master Indenture.”

Under the Master Indenture, the Borrower or any other Obligated Issuer may from time to time issue its notes (the “Notes”). Any Note issued under the Master Indenture is equally and ratably secured on a parity with all other Notes issued under the Master Indenture.

To evidence and secure its obligations under the Loan Agreement to repay amounts loaned by the Authority to the Borrower from the proceeds of the Series 2006B Bonds, the Borrower will, upon issuance of the Series 2006B Bonds, issue to the Authority its Series 2006B Note (the “Series 2006B Note”) under the Master Indenture and the Series 2006B Supplemental Indenture. The Series 2006B Note will be equally and ratably secured on a parity with all Notes heretofore or hereafter issued under the Master Indenture.

The Borrower has previously issued one obligation (the “Series 1998 Note”) under and secured by the Master Indenture. The Series 1998 Note was issued in the principal amount of \$25,660,000 to evidence and secure the Borrower’s obligations to repay amounts loaned by the Authority to the Borrower from the proceeds of the Authority’s Hospital Revenue Refunding Bonds, Series 1998 (Jackson County Schneck Memorial Hospital Project) (the “Series 1998 Bonds”).

On or about the date of issuance of the Series 2006B Bonds, the Authority will issue \$15,000,000 of its Hospital Revenue Bonds, Series 2006A (Jackson County Schneck Memorial Hospital Project) (the “Series 2006A Bonds”), and loan the proceeds thereof to the Borrower. To evidence and secure its obligation to repay such loan, the Borrower will, upon issuance of the Series 2006A Bonds, issue to the Authority its Series 2006A Note (the “Series 2006A Note”) under the Master Indenture and Supplemental Master Indenture No. 3 between the Borrower and the Master Trustee, dated as of May 1, 2006 (the “Series 2006A Supplemental Indenture”).

In addition, to evidence and secure its obligation to reimburse amounts to be paid by the Initial Bank (as hereinafter defined), the Borrower will, upon issuance of the Series 2006B Bonds, issue to the Initial Bank its Series 2006C Note (the “Series 2006C Letter of Credit Note”) under the Master Indenture and the Series 2006C Supplemental Indenture.

The Obligated Group consists solely of the Borrower. In the future, additional entities may choose to become members of the Obligated Group. See “SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE—Obligated Issuer Defined” in APPENDIX C hereto.

The Series 2006B Bonds are payable solely from and secured exclusively by the revenue and other amounts pledged thereto under the Bond Indenture, including (a) certain payments to be made by the Borrower under the Loan Agreement, (b) certain payments to be made by the Borrower under the Series 2006B Note, and (c) any proceeds received by the Bond Trustee from any draw on (i) the Initial Credit Facility (as defined herein), or any other letter of credit, bond insurance policy, bond purchase agreement or other similar credit facility provided pursuant to the Bond Indenture supporting payment of principal of and interest on the Series 2006B Bonds (a “Credit Facility”) or (ii) the Initial Credit Facility or any other standby purchase and credit agreement, letter of credit, bond purchase agreement or other similar agreement provided pursuant to the Bond Indenture and providing for the provision of sufficient monies to pay the Purchase Price of any Series 2006B Bonds on any tender date (a “Liquidity Facility”). See “INTRODUCTION—Initial Credit Facility,” “SECURITY AND SOURCE OF PAYMENT,” “INITIAL CREDIT FACILITY” and “INITIAL CREDIT FACILITY AGREEMENT.”

Amendments to Master Indenture

Upon issuance of the Series 2006B Bonds, the Borrower and the Master Trustee will enter into Supplemental Indenture No. 6 to amend certain provisions of the Master Indenture. By their purchase of the Series 2006B Bonds, the registered and beneficial owners of the Series 2006B Bonds will be deemed to have consented to such amendments, and such amendments will become effective upon the issuance of the Series 2006B Bonds. See “SUMMARY OF PRINCIPAL DOCUMENTS—Master Indenture—Amendments to Master Indenture” in APPENDIX D hereto.

Initial Credit Facility

Fifth Third Bank, an Ohio banking corporation (the “Initial Bank”), will issue its irrevocable transferable direct-pay letter of credit (the “Initial Credit Facility”) on the date of issuance of the Series 2006B Bonds pursuant to a Reimbursement and Pledge Agreement dated as of June 1, 2006 (the “Initial Credit Facility Agreement”), between the Initial Bank and the Borrower. The Initial Credit Facility irrevocably authorizes the Bond Trustee to draw upon the Initial Bank, from time to time and in accordance with the terms of the Initial Credit Facility, an aggregate amount not exceeding \$20,246,576 (as from time to time reduced or reinstated as provided in the Initial Credit Facility). The Bond Trustee is instructed to draw upon the Initial Credit Facility to pay (i) an amount not to exceed \$20,000,000 to pay the principal of the Series 2006B Bonds when due or the principal portion of the Purchase Price of the Series 2006B Bonds, plus (ii) an amount not to exceed \$246,576 to pay interest on the Series 2006B Bonds when due or the accrued interest portion of the Purchase Price of the Series 2006B Bonds, based on a 365-day year, but no more than the actual interest accrued in the Series 2006B Bonds for up to 45 days’ interest at a maximum interest rate of 10% per annum. See “INITIAL CREDIT FACILITY,” “INITIAL CREDIT FACILITY AGREEMENT” and “APPENDIX C—Fifth Third Bank.”

The Bond Trustee is instructed under the Bond Indenture to draw on the Initial Credit Facility to pay the principal of or interest on the Series 2006B Bonds and to pay the Purchase Price of Series 2006B Bonds tendered to the Bond Trustee for purchase to the extent remarketing proceeds are not available therefor.

As security for the obligations of the Borrower to pay amounts due and owing under the Initial Credit Facility Agreement, the Borrower will issue to the Initial Bank a Series 2006C Letter of Credit Note under the Master Indenture.

THE SERIES 2006B BONDS ARE OFFERED PRIMARILY ON THE FINANCIAL STRENGTH OF THE INITIAL CREDIT FACILITY; ACCORDINGLY, ALTHOUGH CERTAIN FINANCIAL INFORMATION REGARDING THE BORROWER IS SET FORTH IN APPENDICES A AND B HERETO, RELIANCE SHOULD BE MADE ON THE INITIAL CREDIT FACILITY AS IT IS THE PRIMARY SECURITY FOR THE SERIES 2006B BONDS.

Bondholders’ Risks

There are risks involved in the purchase of the Series 2006B Bonds. See “BONDHOLDERS’ RISKS.”

No Continuing Disclosure

Neither the Authority, the Borrower nor the Initial Bank has undertaken in any agreement or contract to provide to the Bond Trustee, any holders of any Series 2006B Bonds, any information repository or depository, the Municipal Securities Rulemaking Board or any other person, on a periodic basis or otherwise, any annual financial information, audited financial statements, operating data or other information or any notice of any event with respect to the Series 2006B Bonds.

Official Statement

This “INTRODUCTION” is only a brief description, and is qualified by reference to the entire Official Statement. A full review should be made of the entire Official Statement.

This Official Statement speaks only as of its date, and the information contained therein is subject to change.

The Authority has not provided any information contained in this Official Statement (except for those statements relating to the Authority set forth under the captions “INTRODUCTION—Authority,” “AUTHORITY” and “LITIGATION—Authority”), and does not certify as to the accuracy or sufficiency of and is not responsible for any other information provided herein.

This Official Statement contains descriptions of, among other matters, the Series 2006B Bonds, the Series 2006B Note, the Bond Indenture, the Loan Agreement, the Master Indenture, the Initial Credit Facility, the Initial Credit Facility Agreement, the Series 2006C Letter of Credit Note, the Initial Bank and the Borrower. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Bond Indenture, the Loan Agreement, the Master Indenture, the Initial Credit Facility and the Initial Credit Facility Agreement are qualified in their entirety by reference to such documents, and references herein to the Series 2006B Bonds, the Series 2006B Note and the Series 2006C Letter of Credit Note are qualified in their entirety by reference to the forms thereof. Until the issuance and delivery of the Series 2006B Bonds, copies of the Bond Indenture, the Loan Agreement, the Master Indenture, the Initial Credit Facility, the Initial Credit Facility Agreement and other documents described herein may be obtained from Piper Jaffray & Co., as Representative of the Underwriters of the Series 2006B Bonds. After delivery of the Series 2006B Bonds, copies of such documents will be available for inspection at the corporate trust operations office of the Bond Trustee.

SERIES 2006B BONDS

General

The Series 2006B Bonds are being issued in the aggregate principal amount of \$20,000,000. The Series 2006B Bonds will mature on February 15, 2036, unless redeemed or otherwise paid prior to final maturity and will bear interest from the date of their initial delivery or the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for at the rates per annum determined as described herein.

The Series 2006B Bonds will bear interest in any one of four interest rate modes (each, an “Interest Mode”): the Daily Mode, the Weekly Mode, the Flexible Mode or the Fixed Mode. The Series 2006B Bonds will initially be issued in the Daily Mode. Thereafter, the Interest Mode for the Series 2006B Bonds may be converted to any other Interest Mode, as described below.

The Series 2006B Bonds are issuable only as fully registered bonds and, while the Series 2006B Bonds are in the Daily Mode, the Weekly Mode or the Flexible Mode, in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. If the Series 2006B Bonds are converted to the Fixed Mode, the Series 2006B Bonds will be issuable in denominations of \$5,000 or any integral multiple thereof.

When issued, the Series 2006B Bonds will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York. Purchases of beneficial interests from DTC in the Series 2006B Bonds will be made in book-entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2006B Bonds, payments of the principal of and redemption premium, if any, and interest on the Series 2006B Bonds will be made directly by the Bond Trustee by wire transfer of funds to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC (the “DTC Participants”) will be the sole responsibility of DTC, and the ultimate disbursement of such payments to the Beneficial Owners, as defined herein, of the Series 2006B Bonds will be the responsibility of the DTC Participants and the Indirect Participants, as defined herein. See “BOOK-ENTRY ONLY SYSTEM.”

Except as provided under “BOOK-ENTRY ONLY SYSTEM,” in all cases in which the privilege of exchanging or transferring Series 2006B Bonds is exercised, the Authority will execute and the Bond Trustee will deliver Series 2006B Bonds in accordance with the provisions of the Bond Indenture. The Series 2006B Bonds may be exchanged or transferred at the corporate trust operations office of the Bond Trustee only for Series 2006B Bonds of the same tenor and maturity. In connection with any transfer or exchange of Series 2006B Bonds, the Authority or the Bond Trustee may impose a charge for any applicable tax or other governmental charge incurred in connection with such transfer or exchange, which sums are payable by the person requesting such transfer or exchange.

The following table summarizes, for the Series 2006B Bonds in each Interest Mode: (i) the period in which a given interest rate applies (a “Rate Period”); (ii) each date on which the Rate-Setting Agent is required to make an estimated or final determination of a rate of interest in the manner and upon the conditions set forth in the Bond Indenture (a “Rate Determination Date”); (iii) the first day on which a rate of interest established in the manner and upon the conditions set forth in the Bond Indenture becomes effective (a “Rate Adjustment Date”); (iv) the date as of which the registered owners of the Series 2006B Bonds will be determined for purposes of payment of interest on the Series 2006B Bonds (a “Regular Record Date”); and (v) each date on which interest on the Series 2006B Bonds is payable (an “Interest Payment Date”). The following table is only a brief summary and is qualified by reference to the more detailed information contained in this Official Statement and the Bond Indenture.

<u>Interest Mode</u>	<u>Rate Period</u>	<u>Rate Determination Date</u>	<u>Rate Adjustment Date</u>	<u>Regular Record Date</u>	<u>Interest Payment Date</u>
Daily Mode	Each day	Day of Rate Period ⁽¹⁾	Day of Rate Period	Business Day preceding each Interest Payment Date	First Business Day of each month ⁽²⁾
Weekly Mode	Each one-week period, commencing on any Thursday and ending on succeeding Wednesday	Each Wednesday preceding Rate Period ⁽³⁾	Each Thursday	Business Day preceding each Interest Payment Date	First Business Day of each month ⁽²⁾
Flexible Mode	Any period not less than 7 nor more than 270 days, from Rate Adjustment Date to but excluding succeeding Rate Adjustment Date	First business day for Rate-Setting Agent in Rate Period	Day succeeding preceding Rate Period	Last Business Day of Rate Period	First Business Day of next Rate Period ⁽⁴⁾
Fixed Mode	Period commencing on Conversion Date to maturity date	Any date not more than 35 days preceding nor later than last business day for Rate-Setting Agent preceding Rate Period	Conversion Date	Last day of month preceding each Interest Payment Date	Each February 15 and August 15 (or succeeding Business Day if February 15 or August 15 is not Business Day)

(1) Or, if such day is not a business day for the Rate-Setting Agent, the next preceding such business day, or, if there is no such preceding business day in such Daily Mode, the next succeeding such business day.

(2) In addition, (a) the first day of the first Rate Period after such Interest Mode is no longer in effect, (b) a Conversion Date and (c) the maturity date.

(3) Or, if such day is not a business day for the Rate-Setting Agent, the next preceding such business day.

(4) In addition, (a) a Conversion Date and (b) the maturity date.

Interest Payment Dates

Payment of the interest on any Series 2006B Bonds will be made to the person appearing on the registration books of the Authority kept by the Bond Registrar to evidence the registration and transfer of Series 2006B Bonds (the “Bond Register”) as the registered owner thereof as of the Regular Record Date for such Series 2006B Bonds. The Regular Record Date is: (i) for Series 2006B Bonds in the Daily Mode or Weekly Mode, the Business Day immediately preceding an Interest Payment Date for such Series 2006B Bonds; (ii) for Series 2006B Bonds in the Flexible Mode, the last Business Day of the Rate Period for such Series 2006B Bonds; and (iii) for Series 2006B Bonds in the Fixed Mode, the last day of the month immediately preceding each Interest Payment Date for such Series 2006B Bonds.

The Interest Payment Dates for the Series 2006B Bonds are: (1) with respect to Series 2006B Bonds in the Daily Mode or the Weekly Mode, the first Business Day of each calendar month during the Daily Mode or Weekly Mode (other than the first of such calendar months) and the first day of the first Rate Period after the Daily Mode or Weekly Mode is no longer in effect; (2) with respect to any Series 2006B Bonds in the Flexible Mode, the first Business Day of the next Rate Period; (3) with respect to any Series 2006B Bonds in the Fixed Mode, semiannually on each February 15 and August 15 or the next succeeding Business Day thereafter if any such February 15 or August 15 is not a Business Day; (4) any date the Series 2006B Bonds are converted to the Fixed Mode (a “Conversion Date”); and (5) the maturity date of the Series 2006B Bonds.

Payment of Principal and Interest

Payment of the principal of the Series 2006B Bonds will be payable at the corporate trust operations office of the Bond Trustee (or another Paying Agent, if any) upon presentation and surrender thereof.

If DTC or its nominee is not the registered owner of the Series 2006B Bonds, payment of the interest on any Series 2006B Bond will be made to the person appearing on the Bond Register as the registered owner thereof as of the Regular Record Date and will be paid (i) by check or draft of the Bond Trustee (or another Paying Agent, if any) mailed to such registered owner on the Interest Payment Date at such owner’s address as it appears on the registration books or at such other address as is furnished to the Bond Trustee (or another Paying Agent, if any) in writing by such owner on or prior to the Regular Record Date; (ii) by wire transfer in the case of an interest payment to any owner of \$1,000,000 or more in aggregate principal amount of Series 2006B Bonds, and any owner of Series 2006B Bonds in the Flexible Mode, as of the close of business of the Bond Trustee (or another Bond Registrar, if any) on the Regular Record Date for a particular Interest Payment Date, upon written notice from such registered owner containing the wire transfer address (which must be in the continental United States) to which such registered owner wishes to have such wire directed, which written notice is received not less than one Business Day prior to such Regular Record Date; or (iii) in such other fashion as is agreed upon between the registered owner and the Bond Trustee (or another Paying Agent, if any).

Interest on the Series 2006B Bonds bearing interest at (i) a Daily Mode, Weekly Rate or Flexible Rate will be computed on the basis of a 365-day or 366-day year, as the case may be, for actual days elapsed, and (ii) a Fixed Rate will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Interest Rates—General

The term of the Series 2006B Bonds will be divided into consecutive Rate Periods, selected by the Borrower as set forth in the Bond Indenture, during which the Series 2006B Bonds will bear interest at interest rates as described below. At any time, all Series 2006B Bonds (other than Bank Bonds) will bear interest at a Daily rate, Weekly Rate, Flexible Rates or Fixed Rate. All Series 2006B Bonds must be in the same Interest Mode and share the same Rate Period.

The first Interest Mode for the Series 2006B Bonds will commence on the date of issuance of the Series 2006B Bonds and will be a Daily Mode. The Borrower may elect at any time that all of the Series 2006B Bonds will be adjusted to an alternate Interest Mode, subject to the satisfaction of certain conditions specified in the Bond Indenture.

Adjustment to Alternate Interest Mode

If the Borrower elects to adjust the Series 2006B Bonds to an alternate Interest Mode, upon the satisfaction of certain conditions precedent, all of the Series 2006B Bonds will be subject to such alternate Interest Mode. The written direction by which the Borrower makes such election is required to specify:

- (i) the first day of such new Interest Mode, which must be (A) an Interest Payment Date for interest accrued during any Daily Mode, Weekly Mode or Flexible Mode then in effect, and (B) if the Interest Mode then in effect is a Flexible Mode and the Rate Period then in effect ends prior to such first day, the first Business Day of any month;
- (ii) that the Borrower has determined that, effective on such day, a Daily Mode, Weekly Mode, Flexible Mode or Fixed Mode, as the case may be, will take effect; and
- (iii) if such Interest Mode is a Flexible Mode, either the duration of the initial Rate Period thereof or that such duration will be established by the Rate-Setting Agent pursuant to the Bond Indenture.

The Interest Mode or Rate Period will be converted on the day specified in such written request of the Borrower to such Interest Mode or Rate Period, unless the Bond Trustee, the Tender Agent and the Paying Agent have received, prior to the mailing of notice thereof to the Bondholders, a written request of the Borrower electing not to effect such conversion.

The Bond Trustee is required to give notice to the Tender Agent, the Remarketing Agent, the Paying Agent, the Bond Registrar and each Series 2006B Bondholder, accompanied by a copy of the initial Opinion of Counsel (as hereinafter defined) given in connection with the establishment of such Interest Mode, of any adjustment to a new Interest Mode not less than 30 days prior to the effective date of such new Interest Mode. Such notice will state (i) that the interest rate on the Series 2006B Bonds will be converted to a Daily Mode, Weekly Mode, Flexible Mode or Fixed Mode, as the case may be, (ii) the effective date of such Interest Mode, (iii) in general terms, the method by and time at which such new rate or rates, if any, are required to be determined; (iv) a telephone number of the Rate-Setting Agent which may be called to be informed of such rate or rates after determination, unless such rate is a Fixed Rate, and otherwise the provisions for mailed notice of such rate or rates; (v) the Interest Payment Dates and Regular Record Dates for such Interest Mode; (vi) in general terms, the provisions of the Bond Indenture for tender of the Series 2006B Bonds and the procedures therefor or, if applicable, if there are no such provisions; (vii) if such Interest Mode is a Fixed Mode, the provisions, if any, for redemption of the Series 2006B Bonds pursuant to the Bond Indenture during such Interest Mode; (viii) if tender of the Series 2006B Bonds is required on the first day of such Interest Mode, pursuant to the Bond Indenture, that the credit rating then assigned to the Series 2006B Bonds by a Rating Service may change or be withdrawn or, if known, the credit ratings assigned to the Series 2006B Bonds for such Interest Mode; and (ix) other information required under the Bond Indenture.

No change to any Interest Mode for the Series 2006B Bonds will be made as described above, unless:

- (i) The Borrower request is accompanied by, and in addition there is delivered to the Bond Trustee on the first day of such Interest Mode, a written opinion of counsel who is not unsatisfactory to the Bond Trustee and the Authority and, when given with respect to the status of interest on any Bond under federal income tax law, is counsel of nationally recognized standing in the field of municipal bond law and, when given with respect to any matter under the United States Bankruptcy Code, is counsel of nationally recognized standing in the field of bankruptcy law (an "Opinion of Counsel"), to the effect that such change in the Interest Mode for the Series 2006B Bonds will not adversely affect the exclusion of interest on any Series 2006B Bond from the gross income of the owner thereof for federal income tax purposes and is authorized by applicable State law;
- (ii) if the Interest Mode to become effective is a Flexible Mode, the duration of the first Rate Period thereof is in accordance with the provisions of the Bond Indenture;

- (iii) all Series 2006B Bonds are converted into the same Interest Mode;
- (iv) if the Interest Mode to become effective with respect to the Series 2006B Bonds is the Fixed Mode, the proceeds of a remarketing under the Bond Indenture will be sufficient to pay in full the Purchase Price of all Series 2006B Bonds; and
- (v) if a Credit Facility or Liquidity Facility will be provided for the Interest Mode to become effective, the Borrower provides the Bond Trustee evidence that the stated amount of such Credit Facility or Liquidity Facility meets the requirements of the Bond Indenture.

If, after notice of such adjustment has been mailed to the owners of the Series 2006B Bonds as provided in the Bond Indenture, any condition precedent to such adjustment has not been satisfied, the Series 2006B Bonds will continue to be subject to mandatory tender for purchase on the date which would have been the effective date of such adjustment but will continue to bear interest from such mandatory tender date in the Interest Mode applicable to the Series 2006B Bonds immediately prior to such mandatory tender.

Daily Mode

Series 2006B Bonds will bear interest during a Daily Mode at the Daily Rate. The Daily Rate will be the least of (a) 15% per annum, (b) the maximum rate of interest specified in the Liquidity Facility with respect to coverage for the interest component of the Purchase Price (initially 10% per annum), (c) the maximum rate of interest specified in the Credit Facility with respect to coverage for the payment of interest (initially 10% per annum), or (d) the minimum interest rate necessary to be borne by the Series 2006B Bonds for the relevant Rate Period to produce a bid for such Series 2006B Bonds on the related Rate Adjustment Date equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date (the “Market Rate”), determined by the Rate-Setting Agent (initially, Piper Jaffray & Co.) by 9:30 a.m., New York, New York time, on such day, or, if such day is not a business day for the Rate-Setting Agent, on the immediately preceding business day for the Rate-Setting Agent or, if there is no such business day in such Daily Mode, on the next succeeding such business day.

Weekly Mode

Series 2006B Bonds will bear interest during a Weekly Mode at the Weekly Rate. The Weekly Rate will be the least of (a) 15% per annum, (b) the maximum rate of interest specified in the Liquidity Facility with respect to coverage for the interest component of the Purchase Price (initially 10% per annum), (c) the maximum rate of interest specified in the Credit Facility with respect to coverage for the payment of interest (initially 10% per annum), or (d) the minimum interest rate necessary to be borne by the Series 2006B Bonds for the relevant Rate Period to produce a bid for such Series 2006B Bonds on the related Rate Adjustment Date equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date (the “Market Rate”), determined by the Rate-Setting Agent (initially, Piper Jaffray & Co.) by 2:00 p.m., New York, New York time, on the business day for the Rate-Setting Agent immediately preceding the commencement of such Weekly Mode and on each subsequent Wednesday (or, if such day is not a business day for the Rate-Setting Agent, the next preceding such business day) during such Weekly Mode.

Flexible Mode

During each Flexible Mode, each Series 2006B Bond will bear interest at the Flexible Rate determined for the Rate Period applicable to such Series 2006B Bond by the Rate-Setting Agent on the first business day for the Rate-Setting Agent in such Rate Period. Each Rate Period will be a period ranging from 7 to 270 days, as determined by the Rate-Setting Agent.

The Flexible Rate for each Rate Period in the Flexible Mode will be the least of (a) 15% per annum, (b) the maximum rate of interest specified in the Liquidity Facility with respect to coverage for the interest component of the Purchase Price, (c) the maximum rate of interest specified in the Credit Facility with respect to coverage for the payment of interest or (d) the minimum interest rate necessary to be borne by the Series 2006B Bonds for the relevant Rate Period to produce a bid for such Series 2006B Bonds on the related Rate Adjustment Date equal to 100% of the principal

amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date (the “Market Rate”), determined by the Rate-Setting Agent by 12:30 p.m., New York, New York time, on the first business day for the Rate-Setting Agent in such Rate Period.

Fixed Mode

On each day during each Rate Period during a Fixed Mode, the Series 2006B Bonds will bear interest at the Fixed Rate. The Fixed Rate will be the least of (a) 15% per annum, (b) the maximum rate of interest specified in the Liquidity Facility, if any, with respect to coverage for the interest component of the Purchase Price, (c) the maximum rate of interest specified in the Credit Facility, if any, with respect to coverage for the payment of interest or (d) the minimum interest rate necessary to be borne by the Series 2006B Bonds for the relevant Rate Period to produce a bid for such Series 2006B Bonds on the related Rate Adjustment Date equal to 100% of the principal amount thereof plus interest, if any, accrued thereon from the most recent Interest Payment Date for such Bonds (the “Market Rate”), determined by the Rate-Setting Agent on any date designated by the Rate-Setting Agent which is not more than 35 days preceding nor later than the last business day for the Rate-Setting Agent preceding such Rate Period.

Determination of Interest Rates

If for any reason no Rate-Setting Agent has been appointed under the Bond Indenture on any Rate Determination Date, the Rate-Setting Agent fails to determine the Market Rate on such Rate Determination Date or any Market Rate determined by the Rate-Setting Agent on such Rate Determination Date is determined by a court of competent jurisdiction to be invalid or unenforceable, the Market Rate for such Rate Determination Date will be the sum of (i) the BMA Rate effective on such Rate Determination Date plus (ii) 25 basis points.

The Rate-Setting Agent will provide the rate of interest constituting the Daily Rate, Weekly Rate or Flexible Rate and the length of the Rate Period for Series 2006B Bonds in the Flexible Mode, and the Bond Trustee (or another Paying Agent, if any) will provide the rate of interest constituting the Fixed Rate, from time to time to each holder of Series 2006B Bonds who requests such information.

Upon the written request of a holder of a Series 2006B Bond in the Daily Mode or Weekly Mode, the Bond Trustee (or another Paying Agent, if any) will mail to such Bondholder a monthly statement, with respect to each Interest Payment Date, specifying the interest rates in effect since the preceding Interest Payment Date.

Each designation of an Interest Mode, each determination of the duration of a Rate Period and each determination of a Daily Rate, Weekly Rate, Flexible Rate or Fixed Rate made pursuant to the Bond Indenture will be conclusive and binding upon the Authority, the Bond Trustee, the Borrower, each Obligated Issuer, the Credit Enhancer, the Bank and the Bondholders, and neither the Borrower nor the Rate-Setting Agent will have any liability to any such person for any such determination, whether due to any error in judgment, failure to consider any information, opinion or other resource, or otherwise.

Purchase of Series 2006B Bonds

Optional Tender for Purchase During Daily Mode or Weekly Mode. During any Daily Mode or Weekly Mode, any Series 2006B Bond will be purchased from the owner thereof at the option of such owner on any Business Day (a “Purchase Date”) at a price equal to 100% of the principal amount of such Series 2006B Bond plus interest, if any, accrued thereon from the most recent Interest Payment Date to but not including such Purchase Date (the “Purchase Price”), upon delivery by such owner to the Tender Agent at its Delivery Office of such Series 2006B Bond, endorsed in blank, and an irrevocable notice which states the principal amount of such Series 2006B Bond, the certificate number of such Series 2006B Bond and the date on which such Series 2006B Bond is to be purchased, which date must be (i) during any Daily Mode, any Business Day, and (ii) during any Weekly Mode, any Business Day at least seven days after the date of the delivery of such notice to the Tender Agent. Any such notice must be delivered by such Holder to the Tender Agent’s Notice Office (i) during any Daily Mode, by 10:30 a.m., New York, New York, time, on any Business Day, and (ii) during any Weekly Mode, by 3:00 p.m., New York, New York, time, on any Business Day which is at least seven days prior to such Purchase Date.

Any Bondholder which identifies itself as an investment company registered under the Investment Company Act of 1940, as amended, will be deemed to have satisfied such notice requirements if it delivers such notice to the Bond Trustee by the relevant time specified above.

Mandatory Tender for Purchase. The Series 2006B Bonds will be subject to mandatory tender for purchase at the Purchase Price:

- (i) On each Rate Adjustment Date during a Flexible Mode;
- (ii) On the first Business Day of each new Interest Mode designated by the Borrower and not withdrawn by the Borrower before the mailing of the notice thereof to Bondholders, whether or not such new Interest Mode is effected; or
- (iii) On the fifth Business Day prior to the expiration or release of the Credit Facility or Liquidity Facility.

Purchase of Tendered Series 2006B Bonds. The Tender Agent will apply amounts from the Purchase Fund upon receipt of immediately available funds by 4:00 p.m., New York, New York, time on each Purchase Date to pay the Purchase Price of any Series 2006B Bonds tendered from the following sources and in the following order of priority: (i) first, from immediately available proceeds of the remarketing of such Series 2006B Bonds (other than proceeds from remarketing to the Authority, the Borrower, an Obligated Issuer, any guarantor of the Series 2006B Bonds (excluding the Initial Bank) or any person who is an “insider” of any of the foregoing, within the meaning of the United States Bankruptcy Code) deposited to the Purchase Fund by 11:00 a.m., New York, New York time, on the Purchase Date; (ii) second, from immediately available funds drawn under or derived from the Liquidity Facility by the Bond Trustee; and (iii) third, if sufficient amounts for the payment of the unpaid Purchase Price have not been deposited to the Purchase Fund by 4:00 p.m., New York, New York time, on the Purchase Date, from payments made by the Borrower pursuant to the Loan Agreement or the Series 2006B Note.

Notice of Mandatory Tender. The Bond Trustee will give notice to each holder of Series 2006B Bonds by mail, first class postage prepaid, for each Purchase Date for Series 2006B Bonds required to be mandatorily tendered as described above (except a mandatory tender or any Rate Adjustment Date during a Flexible Mode), not less than 30 days nor more than 60 days preceding such Purchase Date. Such notice will state: (i) the date of such Purchase Date; (ii) that each Series 2006B Bond not tendered for purchase by 12:00 noon, New York, New York time, on such Purchase Date will be deemed to have been tendered for purchase on such Purchase Date at the Purchase Price, and that, if due provision is made for such Purchase Price on such Purchase Date, such holder will not be entitled to any payment (including any interest accrued subsequent thereto) in respect of such Series 2006B Bond other than the Purchase Price for such Series 2006B Bond; (iii) to the extent applicable, that the Credit Facility or the Liquidity Facility, as the case may be, for the Series 2006B Bonds then in effect will thereafter no longer be in effect, the expected rating of the Series 2006B Bonds on and after the Purchase Date, and any credit rating then assigned to the Series 2006B Bonds may be reduced or withdrawn; (iv) the time and place for the tender of such Series 2006B Bond and the then-current names and addresses of the Bond Trustee, the Tender Agent and the Remarketing Agent; and (v) if such mandatory tender is the result of a new Interest Mode (see “MANDATORY TENDER FOR PURCHASE”), information concerning such new Interest Mode.

Untendered Series 2006B Bonds. Any Series 2006B Bond (a) for which notice of tender on any Purchase Date is given, but which is not tendered for purchase by 12:00 noon, New York, New York time, on such Purchase Date, or (b) which is subject to mandatory tender for purchase, but which is not tendered for purchase by the specified time on the Purchase Date (an “Untendered Bond”), will, upon deposit in the Purchase Fund of an amount sufficient to pay the Purchase Price of such Series 2006B Bond on the Purchase Date, be deemed to have been tendered and sold on such Purchase Date, and thereafter the holder thereof will not be entitled to any payments (including any accrued interest subsequent to the Purchase Date) in respect thereof other than the Purchase Price for such Series 2006B Bond, and such Untendered Bond will no longer be entitled to the benefits of the Bond Indenture, except for the payment of the Purchase Price therefor.

Redemption

Optional Redemption. On any Business Day, the Series 2006B Bonds bearing interest at a Daily Rate or Weekly Rate will be subject to optional redemption by the Authority, at the direction of the Borrower (which direction will be revocable, unless otherwise provided therein), in whole or in part, at a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, to the redemption date. On the first day of any Rate Period during a Flexible Mode, on the first day of the Fixed Mode, or any date in the case of Bank Bonds, the Series 2006B Bonds will be subject to optional redemption by the Authority, at the direction of the Borrower (which direction will be revocable, unless otherwise provided therein), in whole or in part, at a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, to the redemption date.

During the Fixed Mode, the Series 2006B Bonds will be subject to optional redemption by the Authority, at the direction of the Borrower, on any date:

(i) During any Rate Period for the Series 2006B Bonds described in the following table if such redemption date occurs on or after the anniversary of the first day of such Rate Period specified in such table, at a redemption price initially equal to the percentage of the principal amount thereof specified for such Rate Period and declining by 1/2 of 1% of principal amount on each subsequent anniversary of the first day of such Rate Period (but in no event to a redemption price less than 100% of the principal amount thereof):

<u>Rate Period</u>		<u>Anniversary (First Call Date)</u>	<u>Initial Price</u>
<u>Equal to or greater than</u>	<u>but less than</u>		
13 years	30 years	8 th	102%
10 years	13 years	5 th	102%
7 years	10 years	3rd	101-1/2%
4 years	7 years	2nd	101%
2 years	4 years	1st	100-1/2%
1 year	2 years	1st	100%

(ii) During any Rate Period for the Series 2006B Bonds equal to or greater than 11 months but less than one year in length, if such redemption date occurs subsequent to the first six months of such Rate Period, at a redemption price equal to 100% of the principal amount thereof;

plus in each case interest, if any, accrued thereon from the most recent Interest Payment Date for the Series 2006B Bonds to the redemption date.

Notwithstanding the foregoing, upon the conversion of the Series 2006B Bonds to the Fixed Mode, the Rate-Setting Agent may determine different redemption provisions for the Series 2006B Bonds, including any requirement for a redemption premium, in order for it to determine the lowest overall fixed interest rate for the Series 2006B Bonds, upon receipt by the Bond Trustee and the Borrower of an Opinion of Counsel stating that the determination of different redemption provisions is permitted under the Act and the Bond Indenture and will not impair the exclusion of interest on the Series 2006B Bonds from gross income for purposes of federal income taxation.

Extraordinary Optional Redemption. If (i) any land, leasehold interests, buildings, machinery, furniture, fixtures, equipment, hardware, supplies or inventory of the Borrower or any other Obligated Issuer (excluding certain real estate of the Borrower) (“Operating Assets”) is damaged, destroyed or condemned, (ii) any gross proceeds from any insurance or condemnation award remaining after payment of all necessary expenses incurred in the collection of such gross proceeds (“Net Proceeds”) therefrom exceeds \$2,000,000 and (iii) the Borrower determines not to use such Net Proceeds to rebuild, replace or repair such Operating Assets, then the Series 2006B Bonds are subject to redemption, in an amount not in excess of such Net Proceeds, at the option of the Borrower (any exercise of which will be revocable, unless otherwise provided therein), in whole or in part, at any time, in any order of maturity (or portion thereof) selected

by the Borrower, at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon. However, if the redemption date for any such redemption occurs while a Credit Facility for the Series 2006B Bonds is in effect, such redemption will be effected only from and to the extent of Eligible Moneys held for such purpose by the Bond Trustee.

Purchases. In lieu of redeeming the Series 2006B Bonds, the Bond Trustee may, at the request of the Borrower and with the consent of the Initial Bank, use such funds otherwise available under the Bond Indenture (which funds, if a Credit Facility is then in effect, must constitute Eligible Moneys) to purchase Series 2006B Bonds in the open market at a price not exceeding the redemption price then applicable under the Bond Indenture, such Series 2006B Bonds to be delivered to the Bond Registrar for the purpose of cancellation.

Selection of Series 2006B Bonds for Redemption. In the event of redemption of less than all the Outstanding Series 2006B Bonds, the Bond Registrar will select such Series 2006B Bonds by lot. However, any Bank Bonds will be selected for redemption prior to any other Series 2006B Bonds.

Notice of Redemption. The Bond Trustee is required to give notice of the redemption of Series 2006B Bonds, which notice will specify: (i) the Series 2006B Bonds or portions thereof to be redeemed, specifying the name of the issue, the date of the issue, the interest rate and stated maturity; (ii) the redemption date; (iii) the redemption price; (iv) the certificate numbers and CUSIP numbers assigned to the Series 2006B Bonds to be redeemed; (v) the address and telephone number of the contact person at the offices of the Paying Agent; and (vi) that such Series 2006B Bonds will be redeemed at the corporate trust operations office of the Paying Agent, that from that date interest will cease to accrue and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Series 2006B Bonds. Any such notice will be revocable unless otherwise provided therein. The Bond Trustee is required to mail a copy of such notice, postage prepaid, (x) during a Daily Mode or Weekly Mode for the Series 2006B Bonds, not less than 15 days and (y) during any other Interest Mode for the Series 2006B Bonds, not less than 30 days, and in each case not more than 60 days prior to the redemption date. Failure of the registered owner of any Series 2006B Bond to receive any such notice so mailed will not affect the validity of the redemption proceedings with respect to such Series 2006B Bond, and failure to so mail any such notice to the registered owner of any Series 2006B Bond will not affect the validity of the proceedings for the redemption of any other Series 2006B Bonds. The Bond Trustee is directed not to give any notice of redemption unless moneys have been on deposit in accordance with the Bond Indenture.

SECURITY AND SOURCE OF PAYMENT

Trust Estate

In the Bond Indenture, the Authority will assign to the Bond Trustee, as security for the payment of the Series 2006B Bonds and the performance of its covenants in the Series 2006B Bonds and the Bond Indenture, all right, title and interest of the Authority in and to the following (the “Trust Estate”):

- (i) the Loan Agreement (except for the payment for indemnification and administration fees and expenses therein);
- (ii) the Series 2006B Supplemental Indenture and the Series 2006B Note, and all security therefor pursuant to the Master Indenture; and
- (iii) all funds and accounts established under the Bond Indenture (excluding the Rebate Fund and the Purchase Fund), including any proceeds received by the Bond Trustee from any draw on any Credit Facility or Liquidity Facility, including the Initial Credit Facility. See “INITIAL CREDIT FACILITY.”

THE SERIES 2006B BONDS ARE OFFERED PRIMARILY ON THE FINANCIAL STRENGTH OF THE INITIAL CREDIT FACILITY; ACCORDINGLY, ALTHOUGH CERTAIN FINANCIAL INFORMATION REGARDING THE BORROWER IS SET FORTH IN APPENDICES A AND B HERETO, RELIANCE SHOULD BE MADE ON THE INITIAL CREDIT FACILITY AS IT IS THE PRIMARY SECURITY FOR THE

SERIES 2006B BONDS. See “INITIAL CREDIT FACILITY,” “INITIAL CREDIT FACILITY AGREEMENT,” and “APPENDIX C – FIFTH THIRD BANK.”

State of Indiana Not Liable on the Series 2006B Bonds; Agreement of the State

The Series 2006B Bonds are special and limited obligations of the Authority, payable solely from and secured exclusively by the Trust Estate. The Series 2006B Bonds do not constitute a debt or liability of the State, the County or any other political subdivision thereof, other than the Authority (as described herein), and will be payable solely from the funds pledged therefor in accordance with the Bond Indenture. The issuance of the Series 2006B Bonds does not directly, indirectly or contingently, obligate the State, the County or any other political subdivision thereof to levy any form of taxation for the payment thereof or to make any appropriation for their payment. The Series 2006B Bonds and the interest payable thereon do not constitute a debt of the State, the County or any other political subdivision thereof within the meaning of the Constitution or the statutes of the State and do not constitute a charge against the credit or taxing power of the State, the County or any other political subdivision thereof. Neither will the State, the County nor any other political subdivision thereof will in any event be liable for the payment of the principal of or interest on the Series 2006B Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Authority. No breach by the Authority of any such pledge, mortgage, obligation or agreement may impose any pecuniary liability upon the State or any charge upon its general credit or against its taxing power. The Authority has no taxing power.

The Act provides that the State pledges to, and agrees with holders of any obligations issued under the Act that it will not limit or alter the rights vested in the Authority by the Act until such obligations, together with the interest thereon, are fully met and discharged, provided, however, that nothing in the Act precludes such limitation or alteration if and when adequate provision shall be made by law for the protection of the owners of such obligations.

The Loan Agreement

Pursuant to the Loan Agreement, the Borrower agrees to make payments to the Authority in such amounts and at such times as are sufficient to pay in full, when due, the principal of, premium, if any, and interest on the Series 2006B Bonds. The Series 2006B Bonds are *not* secured by any mortgage on any of the Borrower’s property. Under the Loan Agreement and the Series 2006B Note, the Borrower will receive a credit against its obligation to make payments thereunder to the extent that the principal of and interest on the Series 2006B Bonds are timely paid pursuant to a drawing on the Initial Credit Facility by the Bond Trustee for payment thereof.

The Series 2006B Note and the Series 2006C Letter of Credit Note

To secure its obligations under the Loan Agreement, the Borrower will issue to the Authority pursuant to the Master Indenture a Series 2006B Note in a principal amount equal to the aggregate principal amount of the Series 2006B Bonds. All payments by the Borrower of the principal of, premium, if any, and interest on the Series 2006B Note will be made to the Bond Trustee and each payment will be made on or before the date when the corresponding payment is required to be made on the Series 2006B Bonds. The principal of, premium, if any, and interest payments on the Series 2006B Note correspond in amount to the Series 2006B Bonds. Notwithstanding the foregoing to the contrary, to the extent of payments made by the Borrower to the Initial Bank for reimbursement of draws under the Initial Credit Facility by the Bond Trustee for payment of the principal of and interest on the Series 2006B Bonds, the Borrower will receive a credit against its obligation to make payments on the Series 2006B Note. Concurrently with any such drawing under the Initial Credit Facility by the Bond Trustee, the Borrower will be obligated to reimburse the Initial Bank by making payment of the amount of such drawing under and pursuant to the terms of the Series 2006C Letter of Credit Note. The Series 2006B Note and the Series 2006C Letter of Credit Note will at all times be in fully registered form and will be non-transferable except as required to effect the assignment thereof to the Bond Trustee and any successor trustee or the Initial Bank or any successor thereto, as applicable. The Series 2006B Note, the Series 2006C Letter of Credit Note and all other Notes issued under the Master Indenture, including the Series 1998 Note and the Series 2006A Note, whether issued to the Authority or other creditors, will be equally and ratably secured under the Master Indenture.

Pursuant to Indiana Code 16-22, the Borrower is not obligated to pay debt service on the Series 2006A Note from moneys required to pay operating expenses. Therefore, there may not be an effective remedy available to the Bond Trustee or the Master Trustee should the excess of unobligated revenues over operating expenses be insufficient to pay debt service.

Pursuant to the terms of the Series 2006B Supplemental Indenture, the Master Trustee is precluded from exchanging the Series 2006B Note for the obligations of a different obligated group of which the Borrower may become a member. See “SUMMARY OF PRINCIPAL DOCUMENTS – MASTER INDENTURE – Substitution of Notes” in APPENDIX D hereto.

Master Indenture

The Series 2006B Note and the Series 2006C Letter of Credit Note will be issued under the Master Indenture. See “SUMMARY OF PRINCIPAL DOCUMENTS—Summary of Certain Provisions of Master Indenture” in Appendix D.

County Not Liable on Series 2006B Note and Series 2006C Letter of Credit Note

The obligations of the Borrower under the Loan Agreement, the Series 2006B Note, the Series 2006C Letter of Credit Note and the Master Indenture are special and limited obligations of the Borrower. Such obligations do not constitute a pledge of the faith and credit of the County or an indebtedness or charge against the general credit or taxing power of the County within the meaning of any constitutional or statutory provision. The Borrower has no taxing power.

INITIAL CREDIT FACILITY

The Initial Credit Facility will be issued pursuant to the Initial Credit Facility Agreement. The following is a summary of certain provisions of the Initial Credit Facility to which document, in its entirety, reference is made for the complete provisions thereof. The Initial Credit Facility satisfies the requirements of a Credit Facility and Liquidity Facility as described in the Bond Indenture. Certain information regarding the Initial Bank is set forth herein as “APPENDIX C—Fifth Third Bank.”

The Initial Credit Facility irrevocably authorizes the Bond Trustee to draw on the Initial Bank, from time to time, a maximum aggregate amount not exceeding \$20,246,576 (the “Original Stated Amount”), to pay principal of and accrued interest on, or the Purchase Price of, the Series 2006B Bonds, in accordance with the terms thereof, by the presentation of certain certificates to the Initial Bank. Of the Original Stated Amount, up to \$20,000,000 may be drawn on for payments of principal on the Series 2006B Bonds when due, whether at maturity, upon acceleration or upon redemption, or the payment of the principal portion of the Purchase Price due to owners of Series 2006B Bonds tendered for purchase under the Bond Indenture. Amounts which do not exceed 45 days’ interest on the Series 2006B Bonds at a maximum interest rate of 10% per annum, up to \$246,576, may be drawn for the payment of interest on the Series 2006B Bonds when due, whether on scheduled interest payment dates or upon acceleration or redemption of the Series 2006B Bonds, or for the payment of the interest portion of the Purchase Price due to owners of Series 2006B Bonds tendered for purchase under the Bond Indenture.

If any drawing under the Initial Credit Facility for payment of the principal of, or interest on, the Series 2006B Bonds is presented to the Initial Bank prior to 11:00 a.m. Cincinnati, Ohio time, on a Business Day, payment will be made of the amount specified, in immediately available funds, by 1:00 p.m. Cincinnati, Ohio time, on the following Business Day. If any such drawing for the payment of the principal of, or interest on, the Series 2006B Bonds is presented after 11:00 a.m. Cincinnati, Ohio time on a Business day, payment will be of the amount specified, in immediately available funds, by 1:00 p.m. Cincinnati, Ohio time on the second Business Day following presentment. If any drawing under the Initial Credit Facility for payment of the Purchase Price of the Series 2006B Bonds is presented to the Initial Bank prior to 11:00 a.m. Cincinnati, Ohio time on a Business Day, payment will be made of the amount specified, in immediately available funds, by 4:00 p.m. Cincinnati, Ohio time on the same Business Day. If any such drawing for the payment of the Purchase Price of the Series 2006B Bonds is presented after 11:00 a.m. Cincinnati, Ohio time on a Business day, payment will be of the amount specified, in immediately available funds, by 1:00 p.m. Cincinnati, Ohio time on the Business Day following presentment. For purposes of the Initial Credit Facility, the term

“Business Day” means a day which is not (a) a Saturday or Sunday, (b) a day on which banking institutions in Indianapolis, Indiana, or New York, New York, or in any other city where the corporate trust operations office of the Bond Trustee, the Paying Agent or the Tender Agent or the principal office of the Initial Bank is located are required or authorized by law (including executive order) to be closed or on which the principal corporate trust operations office of the Bond Trustee, the Paying Agent or the Tender Agent or the principal office of the Initial Bank is closed for a reason not related to financial condition, (c) a day on which The New York Stock Exchange is closed or the payment system of the Federal Reserve System is not operational, or (d) a day on which the Remarketing Agent is closed.

The available amount under the Initial Credit Facility will be reduced automatically by the amount of all drawings hereunder. However, the amount of any drawing thereunder to pay accrued interest on the Series 2006B Bonds (an “Interest Drawing”) will be automatically reinstated effective the opening of business on the sixth (6th) Business Day from the date of such drawing, unless the Bond Trustee receives, within five Business Days following the date of such drawing, notice from the Initial Bank that the Initial Credit Facility will not be so reinstated. Also, to the extent the available amount is reduced due to payment by the Initial Bank of a drawing to pay the Purchase Price of any Series 2006B Bonds tendered for purchase and not successfully remarketed (a “Remarketing Drawing”), the obligation of the Initial Bank to honor drawings under the Initial Credit Facility will be reinstated, concurrently with the receipt by the Initial Bank of the proceeds from the sale of Series 2006B Bonds (or portions thereof) previously purchased with the proceeds of a Remarketing Drawing and which have been resold, by an amount equal to the original purchase price of such Series 2006B Bonds (or portions thereof) as have been resold, together with the Trustee’s certificate as to reinstatement.

The Initial Credit Facility may be drawn on from and after the date hereof to and including the earliest to occur of:

- (a) 5:00 p.m., Cincinnati, Ohio time, on June 1, 2011, or such later date to which the Stated Expiration Date has been extended in accordance with the terms thereof;
- (b) the date on which the Initial Bank receives a written notice from the Bond Trustee stating that there are no outstanding Series 2006B Bonds, together with the return to the Initial Bank of the original Initial Credit Facility;
- (c) the date on which the Initial Bank receives a written notice from the Bond Trustee stating that the Initial Credit Facility has been replaced by an alternate Credit Facility and an alternate Liquidity Facility, together with the return to the Initial Bank of the original Initial Credit Facility;
- (d) the date on which the final drawing available to be made under the Initial Credit Facility is honored by the Initial Bank; or
- (e) the date which is thirty (30) days following receipt by Bond Trustee of a written notice from Initial Bank, notifying the Bond Trustee that an Interest Drawing will not be reinstated because the Initial Bank has not been reimbursed for such Interest Drawing or an Event of Default under the Initial Credit Facility Agreement has occurred and is continuing, and directing the Bond Trustee to accelerate the maturity of the Series 2006B Bonds.

The security provided by the Initial Credit Facility may be impaired in the event of a deterioration of the financial condition of the Initial Bank, as the Initial Credit Facility represents a general, unsecured claim against the assets of the Initial Bank. In the event of a default by the Initial Bank under the Initial Credit Facility, no insurance proceeds from the Federal Deposit Insurance Corporation or any other governmental agency, instrumentality or authority would be available to pay the Series 2006B Bonds.

Performance by the Initial Bank of its obligations under the Initial Credit Facility is subject to the satisfaction of certain conditions by the Bond Trustee, as set forth in the Initial Credit Facility. Bondholders are thus dependent upon the Bond Trustee’s acting to satisfy such conditions before they will receive the benefit of the Initial Credit Facility. Furthermore, the question of whether the Bond Trustee has properly satisfied such conditions is a question of fact which, if disputed, could delay or defeat the Bond Trustee’s rights of enforcement of the Initial Credit Facility.

The United States Bankruptcy Code generally stays the enforcement of claims against the estate of a bankruptcy once a petition in bankruptcy is filed. The Initial Bank is required under the Initial Credit Facility to pay amounts sufficient to pay the principal of and up to 45 days' interest on the Series 2006B Bonds up to a maximum interest rate of ten percent (10%) in the event of the bankruptcy of the Borrower. However, it is possible that, in the event of a bankruptcy of the Borrower, a bankruptcy court could at least temporarily stay the payment of the Initial Credit Facility until relief from that stay is granted by the court, thus delaying payment to the Bondholders. Moreover, in the event of the bankruptcy of the Borrower, a bankruptcy court, invoking equitable or other doctrines, could restructure the transactions which are the subject hereof, or enjoin drawings under the Initial Credit Facility for the payment of principal of or interest on the Series 2006B Bonds, thus possibly resulting in impairment of rights of, or deferment of payments owed to, the Bondholders.

INITIAL CREDIT FACILITY AGREEMENT

The following, in addition to information provided elsewhere in this Official Statement, summarizes certain provisions of the Initial Credit Facility Agreement, to which document, in its entirety, reference is made for the complete provisions thereof. The Initial Credit Facility Agreement satisfies the requirements of a Credit Facility Agreement.

General

The Borrower will enter into the Initial Credit Facility Agreement with the Initial Bank. The Initial Credit Facility Agreement provides for the issuance of the Initial Credit Facility and the reimbursement of the Initial Bank for draws upon the Initial Credit Facility. The Initial Credit Facility Agreement also sets forth various other conditions, obligations, representations, covenants, events of default and miscellaneous provisions applicable to the Initial Bank and the Borrower. The Borrower will deliver the Series 2006C Letter of Credit Note to the Initial Bank to evidence and secure its obligations to the Initial Bank under the Initial Credit Facility Agreement.

Representations and Warranties; Covenants

In the Initial Credit Facility Agreement, the Borrower agrees to reimburse the Initial Bank for draws under the Initial Credit Facility, agrees to pay the Initial Bank certain fees and expenses, makes various representations and warranties to the Initial Bank, and undertakes various financial and operational covenants to the Initial Bank.

Events of Default

The occurrence of any one or more of the following will constitute an event of default under the Initial Credit Facility Agreement:

- (a) The Borrower fails to pay any amount owing under the Initial Credit Facility Agreement or certain related documents (the "Letter of Credit Documents") on the due date thereof;
- (b) The Borrower fails to observe or perform any of certain covenants, conditions or agreements set forth in the Initial Credit Facility Agreement; or
- (c) The Borrower fails to observe or perform any covenant, condition or agreement to be observed or performed pursuant to the terms of the Initial Credit Facility Agreement (other than as set forth in clauses (a) and (b) above), which failure continues unremedied for 30 days after written notice thereof to the Borrower by Initial Bank; or
- (d) The occurrence of any default under any Letter of Credit Document (other than the Initial Credit Facility Agreement) that is not cured within any applicable grace period set forth therein; or
- (e) The occurrence of any default or event of default under any of certain documents related to the Series 2006B Bonds (the "Bond Documents"), or the obligation to make payment on the Series 2006B Bonds is accelerated for any reason; or

(f) All or a substantial portion of the Project or the Borrower's property (the "Property") on which the improvements comprising the Project (the "Improvements") are built or the right of way for ingress or egress thereto is condemned, seized or appropriated by a governmental authority; or

(g) The dissolution or liquidation of the Borrower, or failure by the Borrower to promptly lift any execution, garnishment, or attachment of such consequences as will materially impair its ability to make payments when due under the Initial Credit Facility Agreement, or the entry of an order for relief by a court of competent jurisdiction in any proceeding for the liquidation or reorganization of, or the filing of a petition by the Borrower under the provisions of any bankruptcy or insolvency act or under any similar act which may be hereafter enacted, or the filing of a petition against the Borrower under the provisions of any bankruptcy or insolvency act or under any similar act which may hereafter be enacted which is not dismissed within 60 days of its filing, or an assignment by the Borrower for the benefit of its creditors, or the entry by the Borrower into an agreement of composition with its creditors or the appointment of a receiver, trustee, custodian, liquidator or similar officer for the Borrower, or the admission by the Borrower that it is unable to pay its debts as they mature or that it is generally not paying its debts as they mature; or

(h) Cessation of operation by the Borrower of the Improvements, except as a result of damage, destruction or condemnation of the Improvements or the Property if the Borrower thereafter complies with the provisions of the Indenture pertaining thereto; or

(i) Default by the Borrower under the terms of any indebtedness or lease by the Borrower which is not cured within the time period permitted pursuant to the terms and conditions of such indebtedness or lease, or an event occurs which gives any creditor or lessor the right to accelerate the maturity of any such indebtedness or lease payments to such creditor or lessor; or

(j) Nonpayment by the Borrower of any Rate Management Obligation when due or breach by the Borrower of any term, provision or condition contained in any Rate Management Agreement. "Rate Management Obligation" means any obligation of the Borrower to the Initial Bank or any affiliate of Fifth Third Bancorp. whether absolute, contingent or otherwise and however and whensoever (whether now or hereafter) created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefore), under or in connection with (i) any Rate Management Agreement and (ii) any cancellation, buy-back, reversal, termination or assignment of any Rate Management Agreement. "Rate Management Agreement" means any agreement, device or arrangement providing for payments which are related to fluctuations of interest rates, exchange rates, forward rates or equity prices, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants, and any agreement pertaining to equity derivative transactions (e.g., equity or equity index swaps, options, caps, floors, collars and forwards), including without limitation any ISDA Master Agreement, between the Borrower and the Initial Bank or any affiliate of the Initial Bank.

Remedies upon Default

Upon the occurrence of any event of default under the Initial Credit Facility Agreement, the Initial Bank may, at its option, do any or all of the following:

(a) declare the principal of all amounts owing under the Initial Credit Facility Agreement and the other Letter of Credit Documents and all other indebtedness of the Borrower to the Initial Bank, together with interest thereon, to be forthwith due and payable, regardless of any other specified maturity or due date, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character, and without the necessity of prior recourse to any security;

(b) implement any remedies available to the Initial Bank under or in connection with the Bond Documents or Letter of Credit Documents, including without limitation causing and paying a full or partial drawing under the Initial Credit Facility (whether or not any amounts have previously been paid under the

Initial Credit Facility), taking an assignment from the Trustee of the Bond Documents, and exercising all of the rights and remedies available to the Initial Bank in connection therewith;

- (c) terminate the Initial Bank's consent to the release of the proceeds of the 2006B Bonds;
- (d) if the event of default may be cured by the Initial Bank by taking actions or making payments of money, the Initial Bank has the right (but not the obligation) to take such actions (including without limitation the retention of attorneys and the commencement or prosecution of actions on its own behalf or on behalf of the Borrower), make such payments and pay for the costs of such actions (including without limitation reasonable attorneys' fees and disbursements and court costs) from its own funds;
- (e) terminate the commitment of the Initial Bank to make a term loan under the Initial Credit Facility Agreement;
- (f) give written notice to the Bond Trustee, as provided in the Bond Indenture, instructing the Bond Trustee to accelerate the Series 2006B Bonds;
- (g) direct the Bond Trustee to exercise its rights under the Bond Indenture and the Master Trustee to exercise its rights under the Master Indenture;
- (h) after acceleration of the obligations under the Initial Credit Facility Agreement, direct the Master Trustee to declare the principal of and accrued interest on the Series 2006C Letter of Credit Note immediately due and payable;
- (i) exercise its rights under the Master Indenture as a holder of a Master Note; and
- (j) exercise any and all of its rights under the Letter of Credit Documents or the Bond Documents, or otherwise as a secured creditor, including, without limitation, foreclosing on any security, and exercising any other rights with respect to security, whether under any of the Letter of Credit Documents or any other agreement or as provided by law, all in such order and in such manner as the Initial Bank in its sole discretion may determine.

Draws or Claims under Credit Facility

Draws for Principal, Premium and Interest. If a Credit Facility is in effect with respect to the Series 2006B Bonds, the Bond Trustee will present all notices, drafts, demands, claims and other documents required by such Credit Facility (in the manner and to the extent therein permitted and by the time required thereby) to draw or claim funds thereunder in an amount sufficient, and by the time required, to pay the principal of (and premium, if any, to the extent permitted under the Credit Facility) and interest on (but not the Purchase Price of) the Series 2006B Bonds to become due at the maturity thereof (whether by reason of the stated maturity thereof, call for redemption or declaration of acceleration), and the interest thereon to become due on each Interest Payment Date, but in every case only in respect of Series 2006B Bonds which are not registered in the name of or pledged to the Authority, any Obligated Issuer, the Borrower, the Bank or the Credit Enhancer. Upon receipt of funds pursuant to such draw or claim, the Bond Trustee will transfer such funds to the Paying Agent to make payment on the Series 2006B Bonds. In calculating the amount to be drawn on the Credit Facility for the payment of principal of (and premium, if any, to the extent permitted under the Credit Facility) and interest on the Series 2006B Bonds, whether at maturity or upon redemption or acceleration, the Bond Trustee will not take into account the potential receipt of funds from the Borrower under the Loan Agreement on such Interest Payment Date, or the existence of other moneys in the Bond Fund but will draw on the Credit Facility for the full amount of principal of, and premium, if any, and interest coming due on the Series 2006B Bonds.

Draws for Recoverable Payments. If: (i) any Credit Facility in effect at the time of any payment of principal of (or premium, if any, to the extent permitted under such Credit Facility) or interest on any Series 2006B Bond (other than a Series 2006B Bond registered in the name of or pledged to the Authority, any Obligated Issuer or the Borrower) may not be drawn or made claim upon to make such payment except to the extent that insufficient moneys are on deposit in

the Bond Fund, (ii) such payment is made from money other than Eligible Moneys, and (iii) prior to or within 123 days after (or, if one or more persons are Obligated Issuers at such time or at the time of such payment or of the deposit of the funds paid into the Bond Fund and any person obligated thereunder is an “insider” within the meaning of Section 101 of the Bankruptcy Code, of the Authority or the Borrower, then prior to, on or within 366 days after) the date of such payment a petition for relief in respect of the Borrower, any Obligated Issuer or the Authority, as debtor, if filed under the Bankruptcy Code, then: (A) if a court of competent jurisdiction thereafter enters an order or decree that (x) is unappealable or as to which the time to appeal therefrom has expired with no appeal therefrom having been taken and (y) finds such payment to be a voidable transfer under Section 544, 547, 548 or 549 of the Bankruptcy Code, or under any similar state or federal law regarding creditors’ rights, insolvency or fraudulent conveyance, the Bond Trustee will promptly present all notices, drafts, demands, claims and other documents required by the Credit Facility to draw or claim funds thereunder sufficient to pay or reimburse the Series 2006B Bondholders for the amount of such payment so held to be voidable and will promptly apply such funds for such purpose, and (B) if such Credit Facility is to expire prior to the dismissal of the proceeding commenced by such petition and prior to the entry of any such decree or order, the Bond Trustee will, on the fifth day prior to expiration thereof, present all notices, drafts, demands, claims and other documents to draw or claim funds thereunder sufficient to establish a reserve for the payment of any such voided transfer in an amount equal to the entire sum of such payment and, upon the entry of any order or decree described in clause (A) above, apply such reserve for the purpose therein described to the extent such payment is voided and will remit the balance (and the entire reserve if such proceeding is dismissed without the entry of such an order or decree) to the Credit Enhancer.

Release of Credit Facility

The Bond Trustee will release and return the Credit Facility for the Series 2006B Bonds to the Credit Enhancer upon the occurrence of any one of the following events:

- (a) when there are no Series 2006B Bonds outstanding and the Bond Indenture has been released in accordance with the provisions of Bond Indenture;
- (b) when such Credit Facility has expired or been terminated in accordance with its terms;
- (c) when a successor Bond Trustee has been appointed and qualified and a new Credit Facility for the Series 2006B Bonds has been issued to such successor Bond Trustee;
- (d) when the maximum aggregate credit available under such Credit Facility is reduced pursuant to the terms thereof and the Credit Enhancer has issued a new Credit Facility for the Series 2006B Bonds to the Bond Trustee in the stated amount of the maximum aggregate credit available under the Credit Facility as so reduced but otherwise identical to the Credit Facility to be released;
- (e) at the close of business on the first Business Day of (A) any month during a Daily Mode or Weekly Mode for the Series 2006B Bonds, (B) any Rate Period during a Flexible Mode for the Series 2006B Bonds, or (C) any Fixed Mode for the Series 2006B Bonds, if in any case there is then in effect an alternate Credit Facility for the Series 2006B Bonds issued to and accepted by the Bond Trustee not later than the Business Day next preceding the mandatory tender date for the Series 2006B Bonds; or
- (f) at the close of business on the first Business Day of (i) any month during a Daily Mode or Weekly Mode for the Series 2006B Bonds, (ii) any Rate Period during a Flexible Mode for the Series 2006B Bonds, or (iii) any Fixed Mode for the Series 2006B Bonds, if the Borrower, by Borrower request made not less than 45 days prior to such Business Day, unless a shorter period (of not less than 30 days) is acceptable to the Bond Trustee, has provided that such Credit Facility will then be released;

and not otherwise. However, if the Credit Enhancer and the Bank are the same person, no such release to such person will be effected by the Bond Trustee pursuant to Section (e) or (f) above unless the Liquidity Facility is then released to such person pursuant to the provisions of the Bond Indenture described below under the heading “Release of Liquidity Facility”, except with the written consent of such person.

Alternate Credit Facility

Each alternate Credit Facility for the Series 2006B Bonds accepted by the Bond Trustee in substitution for the Credit Facility for the Series 2006B Bonds then in effect or to confirm the Credit Facility for the Series 2006B Bonds then in effect, and each extension or amendment of the Credit Facility for the Series 2006B Bonds then in effect:

(a) must provide for draws or claims sufficient to pay the principal of all of the Series 2006B Bonds then outstanding plus interest thereon, at the maximum per annum rate of interest which may be borne by the Series 2006B Bonds during any Interest Mode for the Series 2006B Bonds to be in effect (assuming no subsequent Borrower order or notice from the Rate-Setting Agent designating a different Interest Mode for the Series 2006B Bonds) during the term of such alternate, extended or amended Credit Facility, for up to at least the sum of (i) the greatest number of days between Interest Payment Dates for the Series 2006B Bonds in such Interest Mode, or 34 days if such alternate, extended or amended Credit Facility allows monthly draws for accrued interest, (ii) the greatest number of days which may transpire after a draw or claim under such alternate, extended or amended Credit Facility to pay interest on the Series 2006B Bonds prior to the reinstatement of such amount, (iii) 5 days, and (iv) any additional number of days necessary to satisfy Rating Service Requirements;

(b) must have a term which (i) is neither less than one year nor, if the resulting release of the Credit Facility for the Series 2006B Bonds then in effect described in (e) above under the above heading “Release of Credit Facility” occurs during a Flexible Mode or Fixed Mode for the Series 2006B Bonds, less than the shorter of the remaining term of the Credit Facility or the remaining term of the Rate Period for the Series 2006B Bonds then in effect and (ii) ends no sooner than the close of business on the sixth Business Day of a month; and

(c) may be a letter of credit, policy of insurance, surety bond, acceptance or guarantee or otherwise be in structure and form different from, but must provide rights not materially different from, the Credit Facility for the Series 2006B Bonds then in effect with respect to the amounts of principal of and interest on the Series 2006B Bonds covered thereby, the rights of the Bond Trustee to draw, make claim for and enforce payment of such amounts, and the provisions for release or termination thereof.

The Bond Trustee will accept an alternate Credit Facility for the Series 2006B Bonds in substitution for any Credit Facility for the Series 2006B Bonds then in effect or to confirm the Credit Facility for the Series 2006B Bonds then in effect, or an extension or amendment thereof, only upon receipt of an Opinion of Counsel stating that (i) such alternate Credit Facility, extension, or amendment is in accordance with the conditions of the Bond Indenture, (ii) such alternate Credit Facility, extension or amendment constitutes a legal, valid, and binding obligation of the obligor thereon and is enforceable in accordance with its terms (except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws for the relief of debtors other than the Authority, the Borrower or any Obligated Issuer, and by general principles of equity which permit the exercise of judicial discretion); and (iii) the substitution of such alternate Credit Facility for the Credit Facility then in effect or the acceptance of such extension or amendment, as the case may be, will not adversely affect any exclusion of the interest on any Series 2006B Bond from the gross income of the owner thereof for federal income tax purposes. The Bond Trustee will not be required to accept any such alternate Credit Facility, extension or amendment which materially adversely affects the rights, duties or immunities of the Bond Trustee or its agents under the Bond Indenture.

Draws on or Demands Under Liquidity Facility

If a Liquidity Facility is in effect with respect to the Series 2006B Bonds, the Bond Trustee will:

(i) present all drafts, demands, and other documents required by such Liquidity Facility (in the manner permitted and by the time required) for the payment of funds sufficient to pay, on each Purchase Date, the Purchase Price for, or

(ii) give such notice and do such other acts as may be required by such Liquidity Facility (in the manner permitted and by the time required) to cause the Borrower to purchase at the Purchase Price, on each Purchase Date,

all Series 2006B Bonds required to be purchased in any event on such Purchase Date and for which the Purchase Price thereof has not been paid or deposited in immediately available funds to the Purchase Fund from the proceeds of the remarketing of such Series 2006B Bonds (other than to the Authority, the Borrower or any Obligated Issuer), by 11:00 a.m., New York, New York time, on the Purchase Date. Upon receipt of funds pursuant to such draw or claim, the Bond Trustee will transfer such funds to the Paying Agent to make payment on the Series 2006B Bonds.

In the event that a Liquidity Facility is to be replaced, which replacement results in a mandatory tender of Series 2006B Bonds, the Bond Trustee will draw, to the extent necessary, on the Liquidity Facility being replaced to effect the purchase of tendered Series 2006B Bonds rather than the new replacement Liquidity Facility.

Release of Liquidity Facility

The Bond Trustee will release and return the Liquidity Facility to the Bank upon any one of the following occurrences:

- (a) when there are no Series 2006B Bonds outstanding and the Bond Indenture has been released in accordance with the Bond Indenture;
- (b) when such Liquidity Facility has expired or been terminated in accordance with its terms;
- (c) when a successor Bond Trustee has been appointed and qualified pursuant to Bond Indenture, and a new Liquidity Facility for the Series 2006B Bonds has been issued to such successor Bond Trustee;
- (d) when the maximum aggregate credit available under such Liquidity Facility is reduced pursuant to the terms thereof and the Bank has issued a new Liquidity Facility for the Series 2006B Bonds to the Bond Trustee in the stated amount of the maximum aggregate credit available under the Liquidity Facility as so reduced but otherwise identical to the Liquidity Facility to be released;
- (e) at the close of business on the first Business Day of (A) any month during a Daily Mode or Weekly Mode for the Series 2006B Bonds, (B) any Rate Period during a Flexible Mode for the Series 2006B Bonds, or (C) any Fixed Mode for the Series 2006B Bonds, if in any case there is then in effect an alternate Liquidity Facility for the Series 2006B Bonds issued to and accepted by the Bond Trustee not later than the Business Day next preceding the mandatory tender date for the Series 2006B Bonds; or
- (f) at the close of business on the first Business Day of (i) any month during a Daily Mode or Weekly Mode for the Series 2006B Bonds, (ii) any Rate Period during a Flexible Mode for the Series 2006B Bonds, or (iii) any Fixed Mode for the Series 2006B Bonds, if the Borrower, by Borrower request made not less than 45 days prior to such Business Day, unless a shorter period (of not less than 30 days) is acceptable to the Bond Trustee, has provided that such Liquidity Facility will then be released;

and not otherwise. However, if the Credit Enhancer and the Bank are the same person, no such release to such person will be effected by the Bond Trustee pursuant to (e) or (f) above unless the Credit Facility is then released to such person pursuant to provisions described under "Release of Credit Facility," except with the written consent of such person.

Alternate Liquidity Facility

Each alternate Liquidity Facility for the Series 2006B Bonds accepted by the Bond Trustee in substitution for the Liquidity Facility for the Series 2006B Bonds then in effect or to confirm the Liquidity Facility then in effect, and each extension or amendment of the Liquidity Facility then in effect:

(a) must provide for draws or claims sufficient to pay a Purchase Price up to the principal of all of the Series 2006B Bonds not yet due plus interest thereon, at the maximum per annum rate of interest which may be borne by the Series 2006B Bonds during any Interest Mode for the Series 2006B Bonds to be in effect (assuming no subsequent Borrower order or notice from the Rate-Setting Agent designating a different Interest Mode for the Series 2006B Bonds) during the term of such alternate, extended or amended Liquidity Facility, for up to at least the sum of (i) the greatest number of calendar days between Interest Payment Dates for the Series 2006B Bonds in such Interest Mode, or 34 days if a Credit Facility for the Series 2006B Bonds is then in effect and such Credit Facility allows monthly draws for accrued interest, (ii) the greatest number of calendar days which may transpire after a draw or claim under such alternate, extended or amended Liquidity Facility to pay the interest component of the Purchase Price of the Series 2006B Bonds prior to the reinstatement of such amount, (iii) 5 calendar days, and (iv) any additional number of days necessary to satisfy Rating Service requirements;

(b) must have a term which (i) is neither less than one year nor, if the resulting release of the Liquidity Facility for the Series 2006B Bonds then in effect required by the provisions described in (e) above occurs during a Flexible Mode or Fixed Mode for the Series 2006B Bonds, less than the shorter of the remaining term of the Liquidity Facility or remaining term of the Rate Period for the Series 2006B Bonds then in effect and (ii) ends no sooner than at the close of business on the sixth Business Day of a month; and

(c) may be a bond purchase agreement, letter of credit, line of credit, policy of insurance, surety bond, acceptance or guarantee or otherwise be in structure and form different from, but must provide rights not materially different from, the Liquidity Facility for the Series 2006B Bonds then in effect with respect to the amount of the Purchase Price covered thereby, the rights of the Bond Trustee to draw, make claim for and enforce payment of such amount, and the provisions for release or termination thereof.

The Bond Trustee will accept an alternate Liquidity Facility for the Series 2006B Bonds in substitution for the Liquidity Facility for the Series 2006B Bonds then in effect or to confirm the Liquidity Facility for the Series 2006B Bonds then in effect, or an extension or amendment thereof, only upon receipt of an Opinion of Counsel stating that (i) such alternate Liquidity Facility, extension or amendment was issued in accordance with the conditions of the Bond Indenture, (ii) such alternate Liquidity Facility, extension or amendment constitutes a legal, valid and binding obligation of the obligor thereon and is enforceable in accordance with its terms (except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws for the relief of debtors other than the Authority, the Borrower or any Obligated Issuer and by general principles of equity which permit the exercise of judicial discretion), and (iii) the substitution of such alternate Liquidity Facility for the Liquidity Facility then in effect or the acceptance of such extension or amendment, as the case may be, will not adversely affect any exclusion of the interest on any Series 2006B Bond from the gross income of the owner thereof for federal income tax purposes. The Bond Trustee is not required to accept any such alternate Liquidity Facility, extension or amendment which materially adversely affects the rights, duties and immunities of the Bond Trustee and its agents under the Bond Indenture.

BOOK-ENTRY ONLY SYSTEM

Series 2006B Bonds in Book-Entry Form

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2006B Bonds. The Series 2006B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee or such other name as may be requested by an authorized representative of DTC). One fully-registered Series 2006B Bond certificate will be issued for the Series 2006B Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues,

and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2006B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2006B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2006B Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2006B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2006B Bonds, except in the event that use of the book-entry system for the Series 2006B Bonds is discontinued.

To facilitate subsequent transfers, all Series 2006B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2006B Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2006B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2006B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2006B Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2006B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2006B Bonds may wish to ascertain that the nominee holding the Series 2006B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners; in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2006B Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2006B Bonds, unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede &

Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2006B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Series 2006B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Bond Trustee, on the payment dates in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC, the Bond Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the Authority or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2006B Bonds purchased or tendered, through its Participant, to the Tender Agent and shall effect delivery of such Series 2006B Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2006B Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Series 2006B Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2006B Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2006B Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Series 2006B Bonds at any time by giving reasonable notice to the Authority or the Bond Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2006B Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2006 B Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Borrower believes to be reliable, but neither the Borrower, the Authority, nor the Underwriters take any responsibility for the accuracy thereof, including, without limitation, the information concerning DTC and DTC's book entry system contained in DTC's website referenced above.

Disclaimer

THE INFORMATION PROVIDED ABOVE UNDER THIS CAPTION HAS BEEN PROVIDED BY DTC. NO REPRESENTATION IS MADE BY THE AUTHORITY, THE BORROWER OR THE UNDERWRITERS AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION PROVIDED BY DTC OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

FOR SO LONG AS THE SERIES 2006B BONDS ARE REGISTERED IN THE NAME OF DTC OR ITS NOMINEE, CEDE & CO., THE AUTHORITY AND THE BOND TRUSTEE WILL RECOGNIZE ONLY DTC OR ITS NOMINEE, CEDE & CO., AS THE REGISTERED OWNER OF THE SERIES 2006B BONDS FOR ALL PURPOSES, INCLUDING PAYMENTS, NOTICES AND VOTING. UNDER THE BOND INDENTURE, PAYMENTS MADE BY THE BOND TRUSTEE TO DTC OR ITS NOMINEE WILL SATISFY THE AUTHORITY'S OBLIGATIONS UNDER THE BOND INDENTURE AND THE BORROWER'S OBLIGATIONS UNDER THE LOAN AGREEMENT TO THE EXTENT OF THE PAYMENTS SO MADE.

The Authority, the Borrower and the Bond Trustee will have no responsibility or obligation with respect to:

- (i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Series 2006B Bonds;
- (ii) the delivery to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the bond register, of any notice with respect to any Series 2006B Bond including, without limitation, any notice of redemption;
- (iii) the payment to any Direct Participant or Indirect Participant or any other person, other than an owner, as shown in the bond register, of any amount with respect to the principal of or premium, if any, or interest on any Series 2006B Bond; or
- (iv) any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book-entry only system described under this caption, the Authority and the Bond Trustee may treat DTC as, and deem DTC to be, the absolute owner of the Series 2006B Bonds for all purposes whatsoever, including, without limitation:

- (i) the payment of the principal of and premium, if any, and interest on the Series 2006B Bonds;
- (ii) giving notices of redemption and other matters with respect to the Series 2006B Bonds;
- (iii) registering transfers with respect to the Series 2006B Bonds; and
- (iv) the selection of Series 2006B Bonds for redemption.

PLAN OF FINANCING

Financing

On or about the date of issuance of the Series 2006B Bonds, the Authority will issue its Series 2006A Bonds. The proceeds of the Series 2006B Bonds and the Series 2006A Bonds, together with other moneys of the Borrower and the Foundation (as defined herein), will be utilized, as hereinafter set forth, to finance, reimburse or refinance the costs of the Project. See “ESTIMATED SOURCES AND USES OF FUNDS.”

Proposed Capital Improvements

The capital improvements constituting the “Project” to be financed, reimbursed or refinanced by the Borrower consist of (a) the acquisition, construction or installation of an approximately 84,000 square foot addition to the existing hospital facility, including (i) demolition of a portion of the existing facility, and (ii) construction of a south wing to house expanded emergency department and diagnostic imaging facilities (including the purchase of a new CT scanner) and a new patient entrance; (b) expansion and reconfiguration of parking facilities; and (c) renovation of approximately 90,600 square feet of existing space, including renovation of in-patient areas to allow for private rooms. In addition to the foregoing capital improvements, the proceeds of the Series 2006B Bonds and the Series 2006A Bonds will be utilized to pay certain costs incurred in connection with the financing of the Project. See “ESTIMATED SOURCES AND USES OF FUNDS.”

ESTIMATED SOURCES AND USES OF FUNDS

The sources of funds, the expenses incurred in connection with the Project and the issuance of the Series 2006B Bonds, the Series 2006A Bonds and related matters, are estimated as follows:

Sources of Funds:

Bond Proceeds	
Series 2006A	\$ 15,000,000
Series 2006B	20,000,000
Original Issue Premium ^(a)	294,794
Borrower Contribution ^(b)	21,401,513
Foundation Contribution ^(b)	4,000,000
Interest Earnings ^(c)	<u>1,576,884</u>
Total Sources of Funds	\$ <u>62,273,191</u>

Uses of Funds:

Costs of Project	\$ 60,354,228
Debt Service Reserve Fund ^(d)	1,425,900
Issuance Costs, Including Underwriters' Discount ^(e)	<u>493,063</u>
Total Uses of Funds	\$ <u>62,273,191</u>

(a) Certain of the Series 2006A Bonds have been sold at an initial offering price in excess of the principal amounts thereof payable at maturity.

(b) In addition to the proceeds of the Series 2006B Bonds and the Series 2006A Bonds, the Borrower and a related entity, Jackson County Schneck Memorial Hospital Foundation, Inc. (the "Foundation"), will make equity contributions to finance the costs of the Project.

(c) Amounts deposited in the Project Fund for the Series 2006B Bonds and the Series 2006A Bonds are assumed to earn interest at a rate of 4.8%% per annum.

(d) The Bond Indenture for the Series 2006A Bonds creates a Debt Service Reserve Fund as a reserve for the payment of principal of and interest on the Series 2006A Bonds. The Debt Service Reserve Fund is not available to pay principal of or interest on the Series 2006B Bonds.

(e) Includes legal fees, underwriters' discount, printing costs and other fees and expenses associated with the issuance of the Series 2006B Bonds and the Series 2006A Bonds.

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PRINCIPAL AND INTEREST REQUIREMENTS

The following table sets forth, for each Bond Year ending February 15, the amounts required in such Bond Year for the payment of principal at maturity or by sinking fund redemption on such February 15 and the payment of interest on the Series 1998 Bonds, the Series 2006B Bonds and the Series 2006A Bonds.

<u>Year Ending February 15</u>	<u>Series 1998 Bonds</u>	<u>Series 2006B Bonds^(a)</u>			<u>Series 2006A Bonds</u>	<u>Total Debt Service^(b)</u>
		<u>Principal Amount</u>	<u>Interest</u>	<u>Total</u>		
2007	1,976,559	155,000	529,315	684,315	554,267	3,215,141
2008	1,973,839	150,000	694,253	844,253	785,575	3,603,666
2009	1,978,269	150,000	689,645	839,645	785,575	3,603,489
2010	1,974,269	150,000	684,075	834,075	785,575	3,593,919
2011	1,978,019	150,000	678,825	828,825	785,575	3,592,419
2012	1,977,669	150,000	673,262	823,262	785,575	3,586,506
2013	1,974,500	150,000	668,635	818,635	785,575	3,578,710
2014	1,978,513	150,000	663,075	813,075	785,575	3,577,163
2015	1,974,194	150,000	657,825	807,825	785,575	3,567,594
2016	1,976,800	150,000	652,272	802,272	785,575	3,564,647
2017	1,975,819	150,000	647,625	797,625	785,575	3,559,019
2018	1,976,250	150,000	642,075	792,075	785,575	3,553,900
2019	1,975,925	150,000	636,825	786,825	785,575	3,548,325
2020	1,976,400	150,000	631,282	781,282	785,575	3,543,257
2021	1,977,413	150,000	626,616	776,616	785,575	3,539,603
2022	1,978,700	150,000	621,075	771,075	785,575	3,535,350
2023		950,000	615,825	1,565,825	1,535,575	3,101,400
2024		995,000	582,305	1,577,305	1,536,400	3,113,705
2025		1,035,000	548,004	1,583,004	1,540,138	3,123,142
2026		1,080,000	511,525	1,591,525	1,536,525	3,128,050
2027		1,120,000	473,725	1,593,725	1,540,825	3,134,550
2028		1,170,000	434,323	1,604,323	1,537,500	3,141,823
2029		1,220,000	393,758	1,613,758	1,541,825	3,155,583
2030		1,265,000	350,875	1,615,875	1,538,288	3,154,162
2031		1,320,000	306,600	1,626,600	1,542,138	3,168,738
2032		1,370,000	260,279	1,630,279	1,537,550	3,167,829
2033		1,430,000	212,549	1,642,549	1,540,075	3,182,624
2034		1,485,000	162,400	1,647,400	1,539,188	3,186,588
2035		1,545,000	110,425	1,655,425	1,539,888	3,195,313
2036		1,610,000	56,324	1,666,324	1,541,913	3,208,236
TOTALS	31,623,135	20,000,000	15,415,597	35,415,597	33,885,717	100,924,449

- (a) Series 2006B Bonds are assumed to bear interest at 3.5% per annum and to be subject to annual optional redemption as set forth in the Initial Credit Facility Agreement.
- (b) The Borrower also has capital lease obligations totaling approximately \$21,913. Any calculation with respect to the Borrower's compliance with the debt service coverage ratio covenant in the Master Indenture must take into account all capital lease obligations of the Borrower.

HISTORICAL AND PRO FORMA DEBT SERVICE COVERAGE

Reference is hereby made to "APPENDIX A—Jackson County Schneck Memorial Hospital—Historical and Pro Forma Coverage of Debt Service." The table set forth therein reflects the net income of the Borrower available to cover actual debt service in the Borrower's fiscal years ended December 31, 2003, 2004 and 2005. The table also indicates pro forma debt service coverage as if the Series 2006B Bonds and the Series 2006A Bonds had been issued and outstanding

as of December 31, 2005.

AUTHORITY

The Authority was established on May 15, 2005, as the successor to the IHFFA, which was created in 1983 pursuant to the provisions of the Act. The Authority is organized and existing under and by virtue of the Act as a public body politic and corporate, not as an agency of the State, but an independent public instrumentality exercising essential public functions. Under the Act, in addition to financing facilities for private institutions of higher education, the Authority is authorized to make loans to “participating providers” (as defined in the Act) in order to provide funds to finance, refinance and provide reimbursement for all or a portion of any and all costs authorized under the Act and related to the acquisition, lease, construction, repair, restoration, reconditioning, refinancing, installation or housing of “health facility property” (as defined in the Act). The Authority may finance health facility property located in Indiana or outside Indiana if the financing also includes a substantial component, as determined by the Authority, for the benefit of a health facility located in Indiana. Further, the participating provider (or an affiliate thereof) in any financing for a health facility outside Indiana must operate a substantial health facility, as determined by the Authority, in Indiana. The Authority has no taxing power.

The Act provides that the Authority shall consist of seven members, four of whom are appointed by the Governor of the State for terms of four years each. Two of the four members appointed by the Governor must be knowledgeable in health care or public finance and investment matters related to health care, and two of the members appointed by the Governor must be knowledgeable in higher education or public finance and investment matters related to higher education. The Authority shall also include among its members (i) the Governor or the Governor's designee, who shall serve as chairman of the Authority, (ii) the State public finance director or the State public finance director's designee, and (iii) the State health commissioner or the State health commissioner's designee. All Authority members must be residents of the State, with not more than three of the four members appointed by the Governor being of the same political party. All Authority members serve without compensation but are entitled to reimbursement for actual and necessary expenses as determined by the Authority. The Governor shall appoint an Executive Director to serve at the pleasure of the Governor and to receive such compensation as the members of the Authority shall determine. The Executive Director serves as an ex-officio secretary of the Authority, administers, manages and directs the employees of the Authority (under the direction of the members of the Authority), approves all accounts and expenses and performs other and additional duties as directed by the members of the Authority.

The Act provides that the State pledges to, and agrees with, the holders of any obligations issued under the Act that it will not limit or alter the rights vested in the Authority by the Act until such obligations together with the interest thereon are fully met and discharged; provided, however, that nothing in the Act precludes such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such obligations.

The Authority has undertaken and will continue to undertake other types of financings for the purposes authorized by and in accordance with the procedures set forth in the Act, including loans to other participating providers, equipment financing, small loan and pooled loan programs and project financing for private institutions of higher education. The Series 2006B Bonds neither have nor will have any claim of payment from the security or revenues pledged for the payment of the obligations issued by the Authority in connection with any and all such financings, and no such obligations have or will have any claim of payment from the security or revenues pledged for the payment of the Series 2006B Bonds. Obligations of the Authority outstanding or issued subsequent to the issuance of the Series 2006B Bonds are payable solely from the revenues derived from the programs or from participating providers or private institutions of higher education in connection with which such obligations were issued.

THE SERIES 2006B BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE AUTHORITY AND WILL BE PAYABLE SOLELY FROM AND SECURED EXCLUSIVELY BY PAYMENTS, REVENUES AND OTHER AMOUNTS PLEDGED THERETO PURSUANT TO THE BOND INDENTURE. THE SERIES 2006B BONDS DO NOT REPRESENT OR CONSTITUTE A DEBT OF THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY, WITHIN THE MEANING OF THE PROVISIONS OF THE CONSTITUTION OR STATUTES OF THE STATE OR A PLEDGE OF THE FAITH AND CREDIT OF THE AUTHORITY, OR THE STATE OR ANY POLITICAL

SUBDIVISION THEREOF, INCLUDING THE COUNTY, AND THE SERIES 2006B BONDS DO NOT GRANT TO THE OWNERS OR HOLDERS THEREOF ANY RIGHT TO HAVE THE AUTHORITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE COUNTY, LEVY ANY TAXES OR APPROPRIATE FUNDS FOR THE PAYMENT OF THE PRINCIPAL THEREOF OR PREMIUM, IF ANY, OR INTEREST THEREON. THE AUTHORITY HAS NO TAXING POWER.

REMARKETING

Piper Jaffray & Co. has been appointed as exclusive Remarketing Agent and Rate-Setting Agent for the Series 2006B Bonds. The Remarketing Agent may be removed or replaced at any time by the Borrower upon 30 days' notice. The Remarketing Agent and the Rate-Setting Agent may also resign upon 30 days' notice to the Borrower.

Upon delivery to the Bond Trustee of Series 2006B Bonds for purchase, the Remarketing Agent will use its best efforts to sell such Series 2006B Bonds. No assurance can be given that the Remarketing Agent will be successful in such endeavor.

BONDHOLDERS' RISKS

General

As described herein under the caption, "SECURITY AND SOURCE OF PAYMENT," the principal of and premium, if any, and interest on the Series 2006B Bonds are payable solely from the Trust Estate, including amounts payable by the Borrower pursuant to the Series 2006B Note and the Loan Agreement, and all amounts on deposit in the funds and accounts established under the Bond Indenture (excluding the Rebate Fund and the Purchase Fund), but including any proceeds received by the Bond Trustee from any draw on any Credit Facility or Liquidity Facility, including the Initial Credit Facility. The risk factors described below, as well as those factors discussed under "SECURITY AND SOURCE OF PAYMENT," should be considered in evaluating the ability of the Borrower to make payments in amounts sufficient to provide for the payment of the principal of and premium, if any, Purchase Price, and interest on the Series 2006B Bonds.

This discussion of risk factors is not, and is not intended to be, exhaustive.

Initial Credit Facility

The Initial Credit Facility is being issued by Fifth Third Bank and should be looked to by purchasers of the Series 2006B Bonds as the primary source of payment of the principal amount, Purchase Price and interest on the Series 2006B Bonds. See "APPENDIX C—Fifth Third Bank." To secure the Borrower's obligation to reimburse the Initial Bank for amounts drawn on the Initial Credit Facility, the Borrower has caused to be issued the Series 2006C Letter of Credit Note to the Bank. In the event Borrower fails to reimburse any amount drawn under the Initial Credit Facility in a timely manner, the Initial Bank may direct the Bond Trustee to declare an event of default under the Bond Indenture and immediately accelerate the maturity of the Series 2006B Bonds.

The principal of (but not redemption premium), Purchase Price of and up to 45 days' accrued interest on the Series 2006B Bonds are secured by the Initial Credit Facility. The Initial Credit Facility expires June 1, 2011 (unless extended) subject to earlier termination as provided therein, and unless the Initial Credit Facility is renewed, replaced or extended, the Series 2006B Bonds are subject to mandatory tender in whole at a price equal to 100% of the principal amount thereof, plus accrued interest on the fifth Business Day prior to the expiration of the Initial Credit Facility. See "SERIES 2006B BONDS—Purchase of Series 2006B Bonds—Mandatory Tender for Purchase" and "CREDIT FACILITY—Alternate Credit Facility."

The Series 2006B Bonds are subject to mandatory tender upon the conversion of the interest rate on the Series 2006B Bonds to a different Interest Mode, on the first Business Day of each new Interest Mode, at a Purchase Price equal to 100% of the principal amount thereof, plus accrued interest. See "SERIES 2006B BONDS—Purchase of Series 2006B Bonds—Mandatory Tender for Purchase."

The primary security for the Series 2006B Bonds is intended to be the Initial Credit Facility delivered by the Initial Bank to the Bond Trustee. As a consequence, no financial information in respect of the creditworthiness of the Borrower is included herein. Reference is hereby made to APPENDIX C hereto which contains certain financial information regarding the Initial Bank. It is possible, in the event of the insolvency of the Initial Bank, or the occurrence of some other event precluding the Initial Bank from honoring its obligation to make payments as stated in the Initial Credit Facility, that the financial resources of the Borrower will be the only source of payment on the Series 2006B Bonds. There can be no assurance that the financial resources of the Borrower would be sufficient to pay the principal, premium, if any, and interest on the Series 2006B Bonds in the event the Trustee were forced to seek recourse against the Borrower.

Enforcement of remedies provided in the Bond Indenture with respect to payments to be made by the Initial Bank under the Initial Credit Facility may be limited by insolvency, bankruptcy or other laws relating to creditors' rights generally. The security provided by the Initial Credit Facility for payment of the principal of and interest on the Series 2006B Bonds, or the Purchase Price of the Series 2006B Bonds, may be impaired in the event of a deterioration of the financial condition of the Initial Bank, as the Initial Credit Facility represents a general claim against the assets of the Initial Bank. In the event of a default by the Initial Bank under the Initial Credit Facility, no insurance proceeds from the Federal Deposit Insurance Corporation or any other governmental agency, instrumentality or authority would be available to pay the Series 2006B Bonds.

Performance by the Initial Bank of its obligations under the Initial Credit Facility is subject to the satisfaction of certain conditions by the Bond Trustee, as set forth in the Initial Credit Facility. Bondholders are thus dependent upon the Bond Trustee acting to satisfy such conditions before they will receive the benefit of the Initial Credit Facility. Furthermore, the question of whether the Bond Trustee has properly satisfied such conditions is a question of fact which, if disputed, could delay or defeat the Bond Trustee's rights of enforcement of the Initial Credit Facility.

The United States Bankruptcy Code generally stays the enforcement of claims against the estate of a bankrupt once a petition in bankruptcy is filed. The Initial Bank is required under the Initial Credit Facility to pay amounts sufficient to pay the principal of and up to 45 days' interest on the Series 2006B Bonds notwithstanding the bankruptcy of the Borrower. However, it is possible in the event of a bankruptcy of the Borrower that a bankruptcy court could at least temporarily stay the payment of the Initial Credit Facility until relief from that stay is granted by the court, thus delaying payment to the Bondholders. Moreover, in the event of the bankruptcy of the Borrower, a bankruptcy court, invoking equitable or other doctrines, could restructure the transactions which are the subject hereof, or enjoin drawings under the Initial Credit Facility for the payment of principal of or interest on the Series 2006B Bonds, thus possibly resulting in impairment of rights of, or deferment of payments owed to, the Bondholders.

The various legal opinions to be delivered concurrently with the delivery of the Series 2006B Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and other governmental authorities, including police powers exercised for the benefit of the public health and welfare, and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

The various legal opinions to be delivered concurrently with the delivery of the Series 2006B Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Prepayment Risks

The Series 2006B Bonds are subject to optional redemption or purchase prior to maturity on the dates and at the prices specified under "SERIES 2006B BONDS—Redemption—Optional Redemption or Purchase" and "—Extraordinary Optional Redemption." Upon the occurrence of certain events of default, the payment of the principal of and interest on the Series 2006B Bonds may be accelerated. See "SUMMARY OF PRINCIPAL DOCUMENTS—

SUMMARY OF CERTAIN PROVISIONS OF BOND INDENTURE—Events of Default and Remedies” in APPENDIX D. Thus, there can be no assurance that the Series 2006B Bonds will remain outstanding until their stated maturities.

Bond Rating

There is no assurance that any rating assigned to the Series 2006B Bonds at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for or marketability of the Series 2006B Bonds.

Tax-Exempt Status of Series 2006B Bonds

As described hereinafter under the caption “TAX MATTERS,” failure to comply with certain continuing legal requirements and tax covenants may cause interest on the Series 2006B Bonds to become subject to federal income taxation retroactive to the date of issuance of the Series 2006B Bonds. The Bond Indenture does not provide for the payment of any additional interest or penalty in the event of the taxability of interest on the Series 2006B Bonds.

LITIGATION

Authority

To the Authority’s knowledge, there is no litigation pending against it or, to the knowledge of its directors, officers or counsel, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2006B Bonds, or in any way contesting or affecting the validity of the Series 2006B Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Series 2006B Bonds, the use of the Series 2006B Bond proceeds or the existence or powers of the Authority.

Borrower

There is no litigation pending or, to the knowledge of management of the Borrower, threatened against the Borrower which seeks to restrain or enjoin the issuance, sale, execution or delivery of the Series 2006B Note or the Series 2006B Bonds or any proceedings of the Borrower taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Series 2006B Note or the Series 2006B Bonds, or the use of the Series 2006B Bond proceeds.

No litigation or proceedings are pending or, to the knowledge of management of the Borrower, threatened against the Borrower, except (i) litigation or proceedings in which the probable ultimate recoveries and the estimated costs and expenses of defense, in the opinion of management of the Borrower, will be entirely within the applicable insurance policy limits (subject to applicable deductibles) or for which adequate reserves exist, or (ii) litigation or proceedings in which, in the opinion of management of the Borrower, an adverse determination would not have a material adverse effect on the operations or condition, financial or otherwise, of the Borrower.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Series 2006B Bonds by the Authority are subject to the approval of Barnes & Thornburg LLP, Bond Counsel, Indianapolis, Indiana. Barnes & Thornburg LLP will render a further opinion that the Series 2006B Bonds, the Bond Indenture, the Master Indenture and the Loan Agreement conform as to form and tenor with the terms and provisions thereof as summarized in this Official Statement. Barnes & Thornburg LLP has not been requested to review any information contained in this Official Statement other than the information contained under the captions “SERIES 2006B BONDS,” “SECURITY AND SOURCE OF PAYMENT,” “TAX MATTERS,” “APPENDIX D—SUMMARY OF PRINCIPAL DOCUMENTS” and “APPENDIX E—FORM OF OPINION OF BOND COUNSEL.” Certain matters will be passed upon by the Authority by its counsel, the Attorney General of the State of Indiana, Indianapolis, Indiana, for the Borrower by its general

counsel, Montgomery, Elsner & Pardieck, Seymour, Indiana, for the Initial Bank by Kroger, Gardis & Regas, LLP, Indianapolis, Indiana, and for the Underwriters by their counsel, Krieg DeVault LLP, Indianapolis, Indiana.

TAX MATTERS

In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Series 2006B Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Series 2006B Bonds (the “Code”). The opinion of Barnes & Thornburg LLP is based on certain conditions, covenants and representations of the Authority and the Borrower and is conditioned on continuing compliance therewith. In the opinion of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel, under existing laws, interest on the Series 2006B Bonds is exempt from income taxation in the State of Indiana for all purposes except the State financial institutions tax. See Appendix E for the form of opinion of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2006A Bonds as a condition to the excludability of the interest on the Series 2006B Bonds from gross income for federal income tax purposes. Noncompliance with such requirements may cause interest on the Series 2006B Bonds to be included in gross income for federal income tax purposes retroactively to the date of issue, regardless of the date on which noncompliance occurs. Should the Series 2006B Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of the Series 2006A Bonds would be materially and adversely affected.

The interest on the Series 2006B Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Series 2006B Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

By the terms of the Bond Indenture, the interest rate on the Series 2006B Bonds may be converted from one Interest Mode to another Interest Mode, an alternate Credit Facility or Liquidity Facility may be delivered to the Bond Trustee and certain other actions may be taken under the circumstances and subject to the terms and conditions set forth therein, upon the delivery of an opinion of nationally recognized bond counsel. No opinion is expressed by Bond Counsel in connection with the issuance of the Series 2006B Bonds as to the effect upon any Series 2006B Bond or the interest thereon resulting from any such conversion, delivery or other action.

The Series 2006B Bonds are *not* “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in the State. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel will render an opinion that interest on the Series 2006B Bonds is excludable from gross income for federal income tax purposes and exempt from State income tax, the accrual or receipt of interest on the Series 2006B Bonds may otherwise affect an owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner’s particular tax status and the owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2006B Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Series 2006B Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Series 2006B Bonds. Prospective purchasers of the Series 2006B Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series 2006B Bonds.

UNDERWRITING

The Underwriters have agreed to purchase the Series 2006B Bonds at an aggregate Purchase Price of \$19,923,000 (representing the aggregate principal amount of the Series 2006B Bonds less an Underwriters' discount of \$77,000). Pursuant to the Bond Purchase Contract, the Borrower has agreed to indemnify the Underwriters and the Authority against certain liabilities. The Underwriters reserve the right to join with dealers and other underwriters in offering the Series 2006B Bonds to the public. The obligation of the Underwriters to accept delivery of the Series 2006B Bonds is subject to the various conditions of the bond purchase contract.

RATING

Standard & Poor's Ratings Services and Fitch Ratings have assigned ratings of "AA-/A-1+" and "AA-/F1+" to the Series 2006B Bonds. The ratings are based on the assumption that the Initial Bank will deliver the Initial Credit Facility upon issuance of the Series 2006B Bonds; the underlying ratings of the Borrower which is based upon information that has been provided to Standard & Poor's Ratings Services and Fitch Ratings has not been included in this Official Statement. The short-term ratings of the Series 2006B Bonds are based upon the Initial Credit Facility provided by the Initial Bank and will be changed whenever the Initial Bank's short-term rating is changed. The ratings assigned to the Series 2006B Bonds will expire upon the earliest to occur of (i) June 1, 2011, the stated expiration date of the Initial Credit Facility, (ii) the mandatory tender date triggered by the expiration of the Initial Credit Facility, (iii) conversion of the Interest Mode applicable to the Series 2006B Bonds, or (iv) the earlier termination of the Initial Credit Facility. The ratings and an explanation of their significance may be obtained from such rating agencies furnishing the rating. The ratings reflect only the view of the rating agency furnishing the rating.

Generally, rating agencies base their rating on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Neither the Authority, the Underwriters, nor the Borrower has undertaken any responsibility to bring to the attention of the holders of the Series 2006B Bonds any proposed revision or withdrawal of any rating of the Series 2006B Bonds or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of such rating could have an adverse effect on the market price or marketability of the Series 2006B Bonds.

FINANCIAL STATEMENTS

The financial statements of the Borrower included in APPENDIX B to this Official Statement, to the extent and for the periods indicated in their reports, have been audited by Blue & Co., whose reports appear in APPENDIX B. Such financial statements have been included herein in reliance upon the reports of Blue & Co., given upon their authority as experts in accounting and auditing.

NO CONTINUING DISCLOSURE

Neither the Authority, the Borrower nor the Initial Bank has undertaken in any agreement or contract to provide to the Bond Trustee, any holders of any Series 2006B Bonds, any information repository or depository, the Municipal Securities Rulemaking Board or any other person, on a periodic basis or otherwise, any annual financial information, audited financial statements, operating data or other information or any notice of any event with respect to the Series 2006B Bonds, while such Series 2006B Bonds bear interest at a Daily Rate, a Weekly Rate or a Flexible Rate for a Rate Period having a duration of more than nine months.

The Series 2006B Bonds are exempt from the continuing disclosure requirements of Section (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule") so long as they bear interest at a Daily Rate, a Weekly Rate or at a Flexible Rate having a duration of nine months or less. If the Series 2006B Bonds are converted to bear interest at the Fixed Rate or at a Flexible Rate for a Rate Period having a duration of more than nine months, the Series 2006B Bonds may become subject to the continuing disclosure requirements of the Rule and, in such event, the Borrower has covenanted that it will comply with the Rule

and all other statutes, regulations, judicial decisions or laws relating to continuing disclosure, including, without limitation, executing and delivering an undertaking to comply with such statutes, regulations, judicial decisions or laws on or prior to the remarketing of such Series 2006B Bonds upon their conversion to bear interest at the Fixed Rate or at a Flexible Rate for a Rate Period having a duration of more than nine months.

MISCELLANEOUS

The summaries or descriptions of provisions of the Act, the Series 2006B Bonds, the Series 2006B Note, the Loan Agreement, the Bond Indenture, the Master Indenture, the Series 2006B Supplemental Indenture, the Series 2006C Supplemental Indenture, Supplemental Indenture No. 6, the Initial Credit Facility, the Initial Credit Facility Agreement, the Series 2006C Letter of Credit Note and the Remarketing Agreement, and all references to other materials not purported to be quoted in full, are only brief summaries of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. Reference is made to the Act, the Series 2006B Bonds, the Series 2006B Note, the Loan Agreement, the Bond Indenture, the Master Indenture, the Series 2006B Supplemental Indenture, the Series 2006C Supplemental Indenture, Supplemental Indenture No. 6, the Initial Credit Facility, the Initial Credit Facility Agreement, the Series 2006C Letter of Credit Note and the Remarketing Agreement for a full and complete statement of the provisions thereof. Such documents are on file at the offices of the Underwriters and, following delivery of the Series 2006B Bonds, will be on file at the office of the Bond Trustee.

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2006B Bonds.

It is anticipated that CUSIP identification numbers will be printed on the Series 2006B Bonds, but neither the failure to print such numbers nor any error in the printing of such numbers will constitute grounds for a failure or refusal by any purchaser thereof to accept delivery of and pay for any Series 2006B Bonds.

The attached Appendices A, B, C, D and E are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The Borrower has reviewed the information contained herein, and has approved such information for use within this Official Statement.

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This Official Statement has been duly authorized, executed and delivered by the Authority and the Borrower. The Authority has not, however, prepared or made any independent investigation of the information contained in this Official Statement.

INDIANA HEALTH AND EDUCATIONAL FACILITY
FINANCING AUTHORITY

By: /s/ Ryan C. Kitchell
Vice Chair

This Official Statement is approved:

THE BOARD OF TRUSTEES OF JACKSON COUNTY
SCHNECK MEMORIAL HOSPITAL

By: /s/ Gary A. Meyer
President and Chief Executive Officer

ATTEST:

/s/ Warren L. Forgey
Vice President of Fiscal Services and Treasurer

APPENDIX A
JACKSON COUNTY SCHNECK MEMORIAL HOSPITAL

APPENDIX B
FINANCIAL STATEMENTS

APPENDIX C

FIFTH THIRD BANK

Fifth Third Bank (the “Initial Bank”) is a state banking corporation organized under the laws of the State of Ohio. The Initial Bank is a major regional commercial bank offering a wide range of banking services to individual and business customers.

At December 31, 2005, the Initial Bank had total assets of approximately \$57.613 billion, total liabilities and minority interests in consolidated subsidiaries of approximately \$52.957 billion, and total shareholders’ equity of approximately \$4.656 billion. The Balance Sheet from the Report of Condition of the Initial Bank at December 31, 2005 is set forth on the following pages.

All of the Initial Bank’s capital stock is owned by Fifth Third Bancorp, a publicly-held bank holding company, the common stock of which is registered under the Securities and Exchange Act of 1934. Fifth Third Bancorp files annual and other reports containing audited, consolidated financial and other information, with the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20001-2739, and copies of this information may be obtained from the commission upon payment of copying charges or examined at the Commission’s offices without charge. The Initial Credit Facility is an unsecured obligation of the Initial Bank and not of Fifth Third Bancorp. Fifth Third Bancorp has not guaranteed the Initial Bank’s obligation under the Initial Credit Facility or the Initial Credit Facility Agreement and is not and will not become obligated in any manner with respect thereto.

The Initial Bank will supply without charge to any person to whom this Official Statement is delivered a copy of the Fifth Third Bancorp Form 10-K for the year ended December 31, 2005, as well as copies of subsequently filed quarterly and other reports on Forms 10-Q or 8-K, as filed with the Securities and Exchange Commission, upon written request to Paul L. Reynolds, Fifth Third Bancorp, 38 Fountain Square Plaza, Cincinnati, Ohio 45263. Telephone requests should be directed to (513) 579-5300.

The Initial Bank and Fifth Third Bancorp are responsible only for the information contained in this Appendix and did not participate in the preparation of, or in any way verify, the information contained in any other part of this Official Statement. Accordingly, neither the Initial Bank or Fifth Third Bancorp assumes any responsibility for nor makes any representation or warranty as to the accuracy or completeness of information contained in any other part of this Official Statement.

Fifth Third Bank
 38 FOUNTAIN SQUARE PLAZA
 CINCINNATI, OH 45263
 FDIC Certificate Number: 6672
 Web Address: None Provided

FFIEC 031
 Consolidated Report of Condition
 for December 31, 2005

**The web address is as provided by the institution.
 Please contact the institution directly with any questions regarding the data or the web address.**

Consolidated Report of Condition for Insured Commercial and State-Chartered Savings Banks

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC--Balance Sheet

Dollar Amounts in Thousands		
ASSETS		
1. Cash and balances due from depository institutions (from Schedule RC-A)		
a. Noninterest-bearing balances and currency and coin ¹	RCFD 0081	2,635,799
b. Interest-bearing balances ²	RCFD 0071	75,906
2. Securities:		
a. Held-to-maturity securities (from Schedule RC-B, column A)	RCFD 1754	352,056
b. Available-for-sale securities (from Schedule RC-B, column D)	RCFD 1773	13,536,743
3. Federal funds sold and securities purchased under agreements to resell		
a. Federal funds sold in domestic offices	RCON B987	183,635
b. Securities purchased under agreements to resell³	RCFD B989	293,630
4. Loans and lease financing receivables (from Schedule RC-C):		
a. Loans and leases held for sale	RCFD 5369	1,258,649
b. Loans and leases, net of unearned income	RCFD B528	34,049,108
c. LESS: Allowance for loan and lease losses	RCFD 3123	358,877
d. Loans and leases, net of unearned income and allowance (item 4.b minus 4.c)	RCFD B529	33,690,231
5. Trading assets (from Schedule RC-D)	RCFD 3545	265,698
6. Premises and fixed assets (including capitalized leases)	RCFD 2145	699,418
7. Other real estate owned (from Schedule RC-M)	RCFD 2150	35,913
8. Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M)	RCFD 2130	0
9. Customers' liability to this bank on acceptances outstanding	RCFD 2155	13,031
10. Intangible assets:		
a. Goodwill	RCFD 3163	447,930
b. Other intangible assets (from Schedule RC-M)	RCFD 0426	540,361
11. Other assets (from Schedule RC-F)	RCFD 2160	3,583,849
12. Total assets (sum of items 1 through 11)	RCFD 2170	57,612,849

LIABILITIES		
13. Deposits:		
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)	RCON 2200	26,372,835
(1) Noninterest-bearing ⁴	RCON 6631	7,340,230
(2) Interest-bearing	RCON 6636	19,032,605
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs (from Schedule RC-E, part II)	RCFN 2200	4,741,045
(1) Noninterest-bearing	RCFN 6631	0
(2) Interest-bearing	RCFN 6636	4,741,045
14. Federal funds purchased and securities sold under agreements to repurchase		
a. Federal funds purchased in domestic offices⁵	RCON B993	5,355,408
b. Securities sold under agreements to repurchase⁶	RCFD B995	3,576,081
15. Trading liabilities (from Schedule RC-D)	RCFD 3548	165,586
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	RCFD 3190	8,521,646
17. Not applicable		
18. Bank's liability on acceptances executed and outstanding	RCFD 2920	13,031
19. Subordinated notes and debentures ⁷	RCFD 3200	847,432
20. Other liabilities (from Schedule RC-G)	RCFD 2930	3,363,216
21. Total liabilities (sum of items 13 through 20)	RCFD 2948	52,956,280
22. Minority interest in consolidated subsidiaries	RCFD 3000	1,029
EQUITY CAPITAL		
23. Perpetual preferred stock and related surplus	RCFD 3838	0
24. Common stock	RCFD 3230	4,540
25. Surplus (exclude all surplus related to preferred stock)	RCFD 3839	2,047,905
26. a. Retained earnings	RCFD 3632	2,901,814
b. Accumulated other comprehensive income ⁸	RCFD B530	-298,719
27. Other equity capital components ⁹	RCFD A130	0
28. Total equity capital (sum of items 23 through 27)	RCFD 3210	4,655,540
29. Total liabilities, minority interest, and equity capital (sum of items 21, 22, and 28)	RCFD 3300	57,612,849

Memorandum		
To be reported with the March Report of Condition.		
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2004	RCFD 6724	Number N/A

- | | |
|--|---|
| <p>1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank</p> <p>2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)</p> <p>3 = Attestation on bank management's assertion on the effectiveness of the bank's internal control over financial reporting by a certified public accounting firm</p> | <p>4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)</p> <p>5 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)</p> <p>6 = Review of the bank's financial statements by external auditors</p> <p>7 = Compilation of the bank's financial statements by external auditors</p> <p>8 = Other audit procedures (excluding tax preparation work)</p> <p>9 = No external audit work</p> |
|--|---|

¹ Includes cash items in process of collection and unposted debits.

² Includes time certificates of deposit not held for trading.

³ **Includes all securities resale agreements in domestic and foreign offices, regardless of maturity.**

⁴ Includes total demand deposits and noninterest-bearing time and savings deposits.

⁵ **Report overnight Federal Home Loan Bank advances in Schedule RC, item 16," Other borrowed money."**

⁶ **Includes all securities repurchase agreements in domestic and foreign offices, regardless of maturity.**

⁷ Includes limited-life preferred stock and related surplus.

⁸ Includes net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, and minimum pension liability adjustments.

⁹ Includes treasury stock and unearned Employee Stock Ownership Plan shares.

APPENDIX D
SUMMARY OF PRINCIPAL DOCUMENTS

APPENDIX E
FORM OF OPINION OF BOND COUNSEL